



ISSN 1180-4386

**Legislative Assembly
of Ontario**

Second Session, 40th Parliament

**Assemblée législative
de l'Ontario**

Deuxième session, 40^e législature

**Official Report
of Debates
(Hansard)**

Thursday 16 January 2014

**Journal
des débats
(Hansard)**

Jeudi 16 janvier 2014

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



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

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Thursday 16 January 2014

Jeudi 16 janvier 2014

The committee met at 0900 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Kevin Daniel Flynn): Let's call to order. Welcome back, to those committee members who have joined us around the province.

CANADIAN FEDERATION
OF INDEPENDENT BUSINESS

The Chair (Mr. Kevin Daniel Flynn): Our first delegation this morning is the Canadian Federation of Independent Business. Plamen and Nicole, please come forward. The committee has decided to give 15 minutes for delegations; use that time any way you see fit. If there's any time left over before the 15 minutes expire, the questioning will come from the Conservative side. The floor is all yours.

Mr. Plamen Petkov: Good morning, everyone. My name is Plamen Petkov. I'm the vice-president for Ontario at the Canadian Federation of Independent Business. I am here today with my colleague Nicole Troster, who is the senior policy analyst for Ontario at CFIB. We really appreciate the opportunity to be here today and to present small business recommendations for the 2014 Ontario budget. We have prepared a brief presentation for you, copies of which you can find in the folders that were distributed to you earlier. The presentation is on the right-hand side.

I'll turn it over to Nicole to walk you through the first few slides.

Ms. Nicole Troster: I just want to tell you a little bit about CFIB. CFIB is a not-for-profit non-partisan organization. We represent 109,000 members across the country, with 42,000 in Ontario. Each week, our representatives make over 2,000 personal visits to member businesses across the province. Our mandate is set through our surveys; basically, our policy positions are based on direct member feedback. We're 100% funded by memberships, which means that we don't receive any money from outside organizations.

If you flip to slide 3, you'll see that CFIB represents every major sector of the economy, from retail to construction to agriculture.

On slide 4, you'll see the Business Barometer. This is something that we put together every month based on a

survey with members. It demonstrates small business confidence and their short-term expectations on a number of indicators. What you can see is that the index has been very, very volatile in the last year and it's actually trending downwards. When it's mapped beside GDP, it very closely resembles GDP. What happens is that organizations such as TD Bank, the Bank of Canada, Bloomberg News, for example, use this index as a very important economic indicator.

If you go to slide 5, you'll see that one of the questions that we ask in that survey, for example, is about costs that are causing the greatest difficulties for small businesses. You'll see that tax and regulatory costs are consistently at the top, followed by fuel and energy costs, which have been gaining ground, as well as insurance costs and wage costs. What's more, these costs are basically going up and up and up, and it's making it very, very difficult for small businesses to continue competing and to survive.

On the next slide, you'll see that we also ask small business owners about their employment expectations. In the last barometer, for example, 74% expected to keep employment levels at the same level. You'll see that 15% indicated that they anticipate adding more jobs, and 12% indicated that they would be forced to reduce their staff.

So, in order to encourage job creation and further economic growth, we basically need policies in place that can help the province's small businesses thrive.

Mr. Plamen Petkov: As Nicole mentioned, CFIB's legislative priorities are determined entirely by our members through their direct feedback. On slide 7, you will find the results of a survey that we completed with our membership in Ontario throughout 2013. This was done face to face with business owners. We were able to generate almost 15,000 responses.

I would like to point to your attention the top four areas of priority that our members have identified. Those are total tax burden, government regulation and paper burden, government finances, and workers' compensation. Our budget recommendations in our presentation today will focus on these four areas. In the coming weeks, we will be following up with a complete pre-budget submission, as we do every year, and that submission will include recommendations in other priority areas as well.

When we talk about the total tax burden, payroll taxes play a huge impact on small business budgets. Retirement

ment savings, especially pension premiums and deductions, are a big part of the payroll of a small business.

Recently, we surveyed Canadians across the country to find out what they think about their retirement savings and their retirement savings plans. We found out that 65% of Canadians said that they cannot afford to save more for retirement, and if they are forced to save more for retirement through mandatory plans such as CPP or, potentially, the proposed Ontario pension plan here in the province, they will have to cut spending in other essential areas, such as food, rent and mortgage payments.

On slide 9, we asked our members specifically about their opinion of an Ontario pension plan. As you can see, almost 80% of small businesses in Ontario would oppose a mandatory Ontario pension plan. If the plan is voluntary, about 50% would support it.

There will be, obviously, some very significant consequences if the proposed Ontario pension plan is mandatory for employers. Some 65% of small businesses would have to cut and/or freeze salaries; almost half of them would reduce investments in their business; and over 40% would decrease the number of jobs that they currently have at their business.

That's why we believe that there are better ways for government to help people save for retirement, and that is through controlling government spending better, and reducing taxes to allow people to save more for their retirement. We are also very supportive of voluntary retirement savings options, such as pooled registered pension plans. We know that the province is currently consulting on this. By the end of this week, CFIB will be submitting a formal brief on pooled registered pension plans, in support of a voluntary, low-cost and easy-to-administer PRPP, very much in line with the framework provided by the federal government.

The next slide: When we talk about payroll taxes, obviously, increases in minimum wage also tend to put additional payroll cost pressures on small businesses. I have to point out that most of our members—most small businesses in the province—actually pay above minimum wage already to stay competitive in the market. Also, our members support the province's objective to reduce poverty and to help low-income earners.

However, they don't believe that increases in minimum wage are the best option to achieve those objectives. That's why we have put forward two recommendations, two alternatives, to minimum wage increases, and those are an increase in the personal income tax exemption and investing in skills training. If those two options are implemented, that would have a direct impact on increasing the disposable income of low-income earners and also help people to develop new or additional skills, to make sure that they have more opportunities and are able to get jobs that pay above the minimum wage.

With that, I'll turn it over to Nicole to touch on another important budget area, and that is infrastructure funding.

Ms. Nicole Troster: The government has made it a priority to expand infrastructure, and has asked both

Metrolinx and the transit panel to recommend new taxes to fund such projects. While our members understand the importance of further development, they are concerned by calls for more taxes.

As you can see, 84% of small businesses believe that the government should be funding infrastructure projects through existing revenue. For example, if you take the Big Move, it's basically the equivalent of \$1.60 in efficiencies for every \$100 of the budget. Ask any business owner to find this kind of savings in their business and they will. They rightly expect the government to do the same.

0910

On slide 14, you'll see that this sentiment is underlined in a bigger way through the lack of trust in government bodies to use additional taxes to fund infrastructure projects for the purposes that they were intended. This is actually something that the transit panel identified as an issue. Ultimately, the only alternative that has been put forward is to fund infrastructure projects through additional taxes. There are other alternatives out there that need to be considered so that we don't bring the economy to a complete halt.

On slide 15, you'll see that red tape costs the Ontario economy \$11 billion per year, and it costs the smallest of firms close to \$6,000 per employee per year to comply with government regulations at all levels. While Ontario has made some significant progress on red tape in the last few years, much still needs to be done, especially since it's the second most important issue for small businesses.

Mr. Plamen Petkov: And finally, we would like to bring to your attention a recent survey that we completed with our members in the construction sector. Those are business owners, directors, officers and independent operators who, as of January of last year, were hit with massive mandatory WSIB premium increases to comply with Bill 119. What we found in the recent survey is that compliance with Bill 119 for officers, directors, business owners and operators costs about \$6,000 per firm per year. That is a very significant financial impact, and it's very difficult for a small company or an independent operator to absorb.

On slide 17, you will see the measures that business owners and operators will be forced to make to comply with Bill 119. About half of them say that they have to raise their prices; a third of them would cut their own compensation; 20% will downsize their business; and at the very bottom, unfortunately, 8% have indicated that they'll be forced to shut down their business.

CFIB has been opposed to Bill 119 since that legislation was introduced and passed back in 2008. That is our standing recommendation, that Bill 119 should be repealed. From our perspective, it is not meeting the objectives that it was set out to meet in terms of fighting the underground economy and improving safety at workplaces. As a matter of fact, what we are seeing right now is that more businesses will probably be driven underground to avoid paying additional premiums under Bill 119.

Finally, on slide 18, you will find the complete list of recommendations that we touched on during our present-

tation. Also, in your materials, on the left-hand side, you will find a summary of all these recommendations with some additional background for each of them.

With that, I will turn it back to you, Mr. Chair, for any questions.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much, Plamen, and thank you, Nicole. You've left just over three minutes for questions. Vic or Doug?

Mr. Victor Fedeli: Thank you very much, Chair, and welcome to both of you. In our three minutes, I want to talk quickly about slides 4 and 6, your Business Barometer. The thing I like about the CFIB is you tell it like it is. These are the words that come from your some 40,000 Ontario members. How would you categorize the state of the economy in Ontario today?

Mr. Plamen Petkov: When we look at our Business Barometer—and again, this is something that we do monthly—we're certainly seeing a decrease in confidence. Ontario is lagging behind other provinces. It is also lagging behind the national index when it comes to expectations for future performance. Again, this is something that our members are telling us directly. When we talk about proposals that are on the table right now in terms of new transit taxes, new pension premiums, higher hydro rates, none of these proposals are actually instilling any higher confidence in small business owners. There are direct reasons for seeing that downturn in their expectations in our Business Barometer every month.

Mr. Victor Fedeli: It leads me to my next question about slide 5, the Business Barometer of costs—tax and regulatory costs and fuel and energy costs being the top two. The government planned the proposed tax hike of 10 cents a litre on gas and the proposed corporate tax hike of 0.5%, which will bring us to one of the highest in Canada, 12%. How would you categorize those in terms of the response from your membership specifically?

Mr. Plamen Petkov: My anticipation would be that if those proposals are implemented, we would see an immediate spike in concern on those two areas. When we surveyed our members specifically on the infrastructure funding, as Nicole presented—you'll find that information in your kits as well—overwhelmingly, 84% of our members said that the government should be able to find that funding within existing revenue. As business owners are able to do that within their own budgets, they expect that government should be able to do that in the provincial budget as well.

If this is a top priority—again, our members don't disagree with the infrastructure and transit expansion. They actually support that. What we believe the province should be talking about is additional alternatives to funding, not just talking about new or higher taxes.

Mr. Douglas C. Holyday: Just one quick question: If there was one thing the government could do for small business to enhance their viability, what would it be?

Mr. Plamen Petkov: At this stage, I would simply say, do not raise taxes and do not implement new taxes.

Mr. Douglas C. Holyday: Thank you very much.

Mr. Victor Fedeli: In the remaining seconds, then, the WSIB—we heard yesterday about firms going

underground. Can you explain if that's anecdotal or if that's actually happening because of the WSIB tax?

The Chair (Mr. Kevin Daniel Flynn): It will have to be a very short answer.

Mr. Plamen Petkov: We are hearing very similar concerns. That's exactly what we're hearing from some of our members. This is real. Bill 119 is now in effect, and there are businesses out there that are shifting operations to residential work only so that they're not covered under Bill 119 or, as 8% of business owners in our survey indicated, they will be forced to shut down their business.

Mr. Victor Fedeli: Thank you, Chair.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Plamen and Nicole.

Mr. Plamen Petkov: Thank you very much.

CENTRAL 1 CREDIT UNION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation of the morning is Central 1 Credit Union. Kelly, Kelly and Sheryl, if you'd like to—it sounds like a folk band from the 1960s. Same as everybody else: You have 15 minutes. You use that any way you see fit. The questioning this time will come from the NDP. If you would introduce yourselves, if you're all going to speak, so that Hansard knows which one of you is speaking.

Mr. Kelly Harris: No problem. Thank you, Mr. Chair. I'd like to start by thanking you and the members of the committee for inviting Central 1 Credit Union to make a presentation here today. My name is Kelly Harris. I'm the regional government relations director with Central 1 Credit Union. Kelly McGiffin, president and CEO of FirstOntario Credit Union, and Sheryl Wherry, vice-president of corporate governance and corporate secretary of Meridian Credit Union, join me here today.

I've provided the committee members with a letter outlining the Ontario credit union position, and I have brief remarks. Then, Sheryl and Kelly will be able to take your questions.

Central 1 Credit Union is the central credit union facility trade services provider, central liquidity treasurer and clearing facility for 95 Ontario-based credit unions and all of the credit unions in British Columbia. Central 1 is a rated financial institution regulated through the Office of the Superintendent of Financial Institutions federally and through the Financial Institutions Commission in British Columbia, and operates through a memorandum of understanding with the Deposit Insurance Corp. of Ontario.

Ontario is Canada's financial services sector hub. Finance to our province is what oil is to Alberta or hydroelectric is to Quebec. In short, the financial services sector powers Ontario's economy. It is that economy and, more importantly, jobs that will frame my remarks today.

According to Industry Canada, 77.7% of private sector jobs created from 2002 to 2012 were created by small and medium-sized business. Credit unions ask the committee to consider three ways to help Ontario credit

unions to grow and, in turn, support job-creating small businesses.

In May, a paper comparing credit unions, banks and other lenders, commissioned by the Canadian Federation of Independent Business, whom you heard from just before us, ranked credit unions as the preferred lender to small and medium-sized business in Canada. One of the reasons credit unions are so good with small business is that credit unions are the small businesses of the financial services sector. As such, we applaud the Ontario government for continuing Ontario's small business tax exemption for credit unions, recognizing that credit unions invest only in Ontario, in the cities and towns that we work and live in.

We also ask that the Ontario government reinstate deposit insurance limits for credit unions on non-registered deposits that are higher than the chartered banks. For years, Ontario's credit union deposit insurance limit through DICO was higher than that of the federal chartered banks. That changed when the Canadian Deposit Insurance Corp. raised the bank rate to be on par with credit unions at \$100,000.

We understand that the government had reservations on the increase during the worldwide financial crisis of the past decade, but you should know that while financial institutions the world over were collapsing, Ontario credit unions' members deposits were fully secure. Incidentally, \$100,000 is the lowest credit union deposit level in all of North America. This sends a poor signal when deposit insurance limits on credit unions in Ontario, Canada's financial services hub, are lower than those in places like Prince Edward Island. We ask the government to express confidence in Ontario's credit unions by reinstating increased deposit insurance limits.

0920

Third, credit unions in Ontario can only own 30% of subsidiaries. In many other provinces, credit unions and financial institutions regulated under the federal Bank Act can hold 100%. In a time of historically low interest rates, this prohibition makes it harder and harder for credit unions to diversify and find new revenue streams, making it harder to access capital that we use to grant loans to members. Raising the bar from 30% to 100% ownership of subsidiaries would allow for credit unions to expand their businesses and create new opportunities and open up greater access to capital for investments, including small business loans.

Our position is simple: Maintain our tax rate, show confidence in the credit union system by reinstating increased deposit insurance rates and open up credit unions to expanding their businesses. These steps will allow credit unions to grow, invest more in Ontario communities and businesses and help to boost the economy and create jobs.

None of these proposals will cost the government a single dollar. We are not asking for your money; we are asking for you to put the right conditions in place so that credit unions continue to grow and, in turn, help Ontario's economy to grow.

Thank you. We'll take your questions now.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Kelly, for being brief. You've left almost 10 minutes for questions. Michael?

Mr. Michael Prue: Wow, I've got 10 minutes for questions.

Mr. Kelly Harris: I sped through it.

Mr. Michael Prue: Yes, all right. First of all, I commend you for the presentation and also for the fact that you're not seeking any money.

Credit unions have been spectacularly successful in most provinces in Canada—less so in Ontario. Is part of the reason the lack of government support in the past? Why is it that you go to Quebec and see the *caisse populaire*, which I think more people bank in than the banks? And Prince Edward Island: When I go down there, I see the credit unions all over the place.

Mr. Kelly Harris: I'll refer that to Kelly McGiffin. I'd just like to say for context that Kelly is not only the president and CEO of FirstOntario, which is one of the largest credit unions in Ontario, but he also comes from the BC credit unions system—BC is almost 40% of the market for financial services in credit unions, so he has a very good place to talk about that from.

Mr. Kelly McGiffin: Yes, I think without a doubt the main reason that credit unions have not been successful in Ontario is lack of credibility in the public mind. Frankly, they're just not seen as an alternative, or they're unknown or are not viewed as a viable alternative. The credit union has some responsibility in that, and we've undertaken recently a province-wide advertising campaign that will actually be launched next week.

However, when you're in the home of the banks, in Ontario, they own 96% of the deposits here in Ontario—96%. We have about an 8% market when you talk about the number of members we have compared to the population. Other provinces are in the 30% and 40% range. There is a need for, we believe, a statement from the government, by increasing our deposit insurance, to say, "These people offer an alternative to consumers." We're not asking you to point people to credit unions. We're simply saying if the government can give us the credibility by saying, "Deposit insurance: These people are trustworthy," then we can leverage that to make credit unions that viable alternative to consumers in Ontario, and I think that will make a huge difference for us.

In British Columbia, not only have they gotten about 40% of the penetration of the marketplace, but they moved to unlimited deposit insurance. We're not looking for unlimited—we understand the constraints of unlimited—but we are looking for increases. And that public statement, I think, by the government would give us the credibility we need to leverage opportunities for consumers to make real, legitimate choices.

Right now, the big five banks, as I said, own 96% of the deposits. You can't phrase that any other way than an oligopoly.

Mr. Michael Prue: You've only asked for three very small asks. I don't think they're large. What would each one of them, in turn, provide to you that you don't have

now? You've talked about the deposit insurance being raised. You've talked about credibility. What would each one of them do to increase your market share?

Mr. Kelly Harris: I'll talk to the tax issue, and I'll ask Kelly and Sheryl to talk to the subsidiary issue.

Credit unions don't have the ability to go on to the capital markets to raise funds. We don't invest outside of our province, so it makes sense that we wouldn't go on to capital markets to raise funds.

If the provincial small business tax exemption was ever removed from credit unions, it would be equivalent to close to a 250% tax increase on credit unions in the province. That is going to mean that we no longer have as much access to money to lend to our members, of course. More importantly, the first role of a credit union is to protect the investments of their members, so we have to make sure that that money stays in our regulatory capital. When that happens, it changes the risk rating that we give when we're lending out money.

Then you get into very much a similar situation as the banks, where the banks don't want to create as much risk, so they cut off lending. I don't care what your jobs plan is; if there's no money being lent out there from financial institutions, it doesn't matter what you do on the other side, as a government. You need to make sure that the money is flowing from the financial institutions.

The one group of financial institutions that you have power over—because you have no power over the banks, in this room. You have total control over the credit unions because you run our legislation.

I would ask Kelly to talk about the subsidiary side of things.

Mr. Kelly McGiffin: Again, I think the banks don't operate solely on a margin model these days. Without supplementary income—non-financial income—it is not a viable model for credit unions either.

Historically, for years, margin was a very viable model when interest rates were significantly higher and there was a big gap and consumers weren't as intelligent or interested in their money as they are today. Today's market is much different. You're giving out mortgages at 3% or 3.5%. You're giving term deposits out at 2%. There's not a lot of margin in the business. The banks would not be in business if they had to survive solely on margin, so they make non-financial income through other sources of income.

That's all we're asking: to even the playing field by allowing us to get into complementary services, such as insurance and wealth management, on a larger scale. Other provinces have recognized that that important financial model needs to change in order for credit unions to be sustainable, and we believe that opening up that door allows us to improve our financial model and ensure our sustainability and therefore our offerings to consumers in Ontario.

Mr. Kelly Harris: Sheryl would like to add to that, as well.

Ms. Sheryl Wherry: When we talk about the 96% of Ontarians who deal with the charter banks, we will never

be able to be on that par in terms of the penetration. But we do need to be competitive. In order to be competitive to attract Ontarians to deal with the credit union system, we have to offer a competitive set of products.

Speaking for our own credit union, we've seen a shrinkage in our margin of 33% over the last number of years. Other sources of being able to raise capital is critical for us to continue to be able to expand on the service offering that we think is critical for Ontarians to have.

Mr. Michael Prue: I do have an account at Meridian, by the way. That should be on the record. One of the reasons I have the account there is because I find the service to be exemplary. The lineups are small. The tellers who deal with me are actually kind. Is this something that is not known? When I talk to people in there, the reason that other customers go there is because the service is immediate.

Mr. Kelly Harris: That's also the reason, I believe, that small businesses in this country say that credit unions are the preferred lenders: because they actually feel like they're dealing with someone who knows their business, not just somebody who's looking at a statement and saying, "This is how much you can have this year. This is how much you can have next year." It's somebody who actually understands and sits down with the small businesses, works with the small businesses, understands their game plan, understands how they plan to grow, understands how they want to add people and add jobs to the community, and understands that when you give to a small business, you're investing in the city/town/county that you live in, and that money stays in Ontario and those jobs stay in Ontario. I do understand what you're saying, and part of it is what Kelly said.

0930

I worked for the BC government when we made the statement about the strength of credit unions in BC, and they took off. They are the financial services provider of the province of BC. In many places in that province, the banks have pulled out, and they're not even lending to small business anymore. The credit unions are there, continuing to lend to those businesses, helping them to survive.

A statement by the government of Ontario—we've all heard Mr. Flaherty, federally, talk about the strength of Canadian banks. We're your financial services system. It would be wonderful if we could hear somebody from the government talk about the strength of Ontario credit unions.

Mr. Kelly McGiffin: If I can just add to that, we are coming from a position of strength as well. I mean, the new Basel expectations for capital for the banks are at 3% leverage, and 7% on a risk-weighted basis. Credit unions in Ontario already sit at about 7% on a leverage basis and over 13% on a risk-weighted area. We are a very safe, secure set of institutions. The confirmation by the government is not a hollow one.

The Chair (Mr. Kevin Daniel Flynn): You're pretty well done, Jonah and Michael?

Mr. Michael Prue: Well, I was going to say I think we're done as well. But thank you very much—an excellent presentation.

Mr. Kelly Harris: Thank you, Mr. Chair. Thank you, committee members.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today. We appreciate it.

MUSIC CANADA

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is from Music Canada: Graham Henderson and Amy Terrill—or Graham by himself.

Mr. Graham Henderson: By myself.

The Chair (Mr. Kevin Daniel Flynn): It's the same as everybody else, Graham: 15 minutes. Use that any way you see fit. If there's any time left over at the end, questions will come from the government this time. With that, the floor is yours.

Mr. Graham Henderson: Okay, thank you very much. Good morning, members of the committee, and thanks for the opportunity to speak today.

I would like to focus my remarks on something that was in last year's budget, in order to ensure that you're well aware of the positive nature of the policy and its impact on our sector. I'm talking about the Ontario Music Fund, which is a \$45-million grant program spaced over three years.

As many of you know, Music Canada has actually been at the forefront of advocating for not only this initiative but also the Ontario music community in general. I'm confident in saying that the fund was designed to respond to market challenges that we brought forward to the government, and also the opportunities for growth and investment.

Allow me to explain. Music is now widely considered to be a key competitive advantage for Ontario. In a groundbreaking study that we commissioned a couple of years ago, PricewaterhouseCoopers determined that the major and independent recording companies alone generate about \$400 million in spending and contribute \$240 million to the national GDP. Over 80% of that activity takes place in Ontario.

Our sector employs thousands of young people in a cutting-edge digital environment, and then there is the live sector. The live sector in Ontario accounts for over half of the activity in Canada. Toronto is a "must" stop on every global tour and a home to thousands of homegrown artists. It is a key economic sector. It's one of the top three markets for live music in North America.

The cities of Toronto, Hamilton, Kitchener, London, Guelph, Peterborough, Windsor, Kingston and Ottawa have all identified the potential of music in their communities. Each of these communities sees it as an important part of the community and a catalyst for benefits ranging from music tourism to investment and talent attraction and to community building. These same benefits were highlighted in a recent white paper released by the

provincial Conservative Party. I commend them for having drawn some attention to this.

Similarly, the Ontario Chamber of Commerce has ranked music along with traditional powerhouses like mining and manufacturing as three of Ontario's key economic sectors.

So why, might you ask, was there a need for government intervention in the form of the fund? The answer to that is germane to the issues that you deal with on a regular basis: financial liability, market imperative, investment climate, retention and attraction of jobs.

Perhaps no sector has experienced the consequences of the digital revolution more directly than the music community. Our entire ecosystem has been disrupted. Our community has embraced this challenge, and adaptation was necessary, but it certainly wasn't easy. The process of transformation is far from over. A \$38-billion business worldwide has become a \$16-billion business. Revenues in Canada in the recorded music sector are less than half what they were in 1999.

While digital sales have grown significantly, they are not enough to make up for lost physical sales. Revenues from the digital market are on a completely different scale from those derived from CDs. We do not sell albums; we sell singles. Streaming music, which is becoming increasingly popular, generates a fraction of a penny per stream.

While there are more and more digital services, they are not all created equal. The landscape is littered with illegal services that do not pay artists or copyright owners. Many of them appear to be legitimate to the consumer, and they're aided by Google. Google search results obscure the simple existence of legal sources of music.

Robert Levine, who is the former editor of *Billboard* and author of a book called *Free Ride*, wrote, "It has never been easier to distribute a creative work. At the same time, it's never been harder to get paid for it."

The Canadian Independent Music Association released a report recently, *Sound Analysis*, that concluded that 60% of the independent music companies in Canada—and these are basically small businesses—generate less than \$50,000, and only the top 10% earn more than \$500,000 a year. Artists, whom you should all consider entrepreneurs, earn an average of about \$10,000 per year from music-related activities, and they spend about 29 hours a week pursuing music, because they must generate income elsewhere to put food on the table. This is radically different from just 10 or 15 years ago. Music is becoming a hobby, not a career.

People are also discovering music in different ways. Discovery is moving online—has moved online—yet for decades we have relied on a strategy to expose Canadians to new music using radio.

Almost all of our digital retailers are foreign-owned, posing the question, how do we guarantee shelf space?

All of this is unprecedented. Yet despite the gloom, we have learned from our research that there are

unparalleled opportunities to leverage music in order to generate jobs and investment.

Austin, Texas—and we've spent a lot of time there—provides an example of a community that has figured out how to harness the power of music to create one of the most resilient economies in the United States while also supporting the small businesses and artist entrepreneurs who make up the sector. As the 11th-largest city in the United States, they were the last into the recession and the first out, and they credit their music community for that benefit. It's on the top-10 list of every measurement: attracting young people, population growth, rate of venture capital investment, number of start-ups, number of jobs created. In Austin, music generates \$1.6 billion.

By comparison, Toronto, which is three times as large, generates only one third of that activity. In Ontario, and we know this from the Ontario Arts Council, arts and culture tourists stay longer and spend more, and almost half of them list music as the key motivator for their trip.

In Austin, music is part of every pitch that the chamber of commerce or its mayor makes when they act as the business investment arm for the city. The government credits music for getting them the Formula 1, something that they were very, very anxious to get.

Music and tech are inextricably linked. We have seen this in Austin, but it has also been backed up by a study released by the Information and Communications Technology Council which points to a strong correlation between vibrant music scenes and technology clusters.

So it is in this challenging market environment where opportunity lies that the Ontario Music Fund appeared, to build on the competitive advantage that the music community has organically created and to turn the province into a live music and recording capital of the world. For the first time—the first time—Ontario is directly leveraging its live music prowess to generate increased tourism activity, which is a great source of jobs, if not the number one source of jobs, for young people. For the first time, Ontario is using the successful film and television model and applying it to music in order to attract and repatriate recording projects to our world-class music studios which, until now, have been suffering.

0940

You might ask, "Why not just lower corporate taxes for companies and the artist-entrepreneurs?" Well, we believe that the stark numbers that I shared with you earlier demonstrate that the majority of our community needs access to capital and not lower taxes.

At Music Canada, we've identified seven key areas of growth for the music community in Canada at large and Ontario as well. They are: music education, digital innovation, music tourism, export development, tax credits or grant programs, music celebrations and community building.

With a bit of help from the government, the private sector is ready to create new wealth and jobs in this province. I'm confident that you'll see that the Ontario Music Fund is money well spent.

Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Graham. You've left about five minutes.

Who would like to go first? Steven?

Mr. Steven Del Duca: I'll go first. Thanks very much, Mr. Chair.

It's great to see you, Graham. Thank you for being here and for delivering those remarks that I think underscore the importance of the decision that our government made last year with budget 2013, around the music fund itself.

The question I have is that in terms of going forward, you talked a great deal about how important it was for us to come to the table with that \$45 million, I believe, over three years. I'm wondering, as we go forward, what other steps the government can take to support the industry—perhaps not by way of more funding, because \$45 million over three years is considerable, but other measures the government can consider taking to support such an important economic driver, that sometimes is counter-intuitive. People might not think it provides the economic activity that it actually does.

Mr. Graham Henderson: It's correct. It's a fulcrum that you can use to achieve immense leverage that is totally disproportionate to the size of our own economic footprint. Music tourism is a perfect example of that.

Minister Chan has announced the Live Music Strategy. The objective is to create in Ontario a global destination. We've never drawn attention to the fact that we have one of the most vibrant music scenes in the world. We've never spent any money on it. The government could simply support Minister Chan, as could the other parties, as he focuses and concentrates resources, that exist today in the ministry, on music. That would be one key area.

Once you build a music scene, you can also use it to leverage the attraction of businesses, the retention of businesses, young people and even immigrants. So as the province of Ontario looks at how it is going to attract the right immigrants to the marketplace, simply think about the advantage that our existing scene can offer you. It's a big advantage.

Finally, I would suggest that music education is something that has been allowed to languish across the country. Just as you've announced an initiative to support mathematical education, you should be thinking about what you can do for music, because it is dying in our schools.

Mr. Steven Del Duca: Interesting. Thank you.

Mrs. Donna H. Cansfield: Thank you very much and thank you for your presentation. I so wholeheartedly concur with you. Anyone who doesn't have a teenager or who wasn't a teenager doesn't understand the value of music. We still have our Beatles albums. It's just part of who you are and your heritage.

I want to ask two questions. First of all, about the education—and I concur wholeheartedly—interestingly enough, one of the countries in the world with one of the most vibrant music programs is Finland. That's because in Finland every child takes music and every child gets an instrument.

Mr. Graham Henderson: Yes.

Mrs. Donna H. Cansfield: They have one of the best music programs in the world because they have nurtured that. I think that's something we could work on.

The other part of it is the illegal market. I think there are things that we can also do, working with the federal government, and I was surprised you didn't mention more of that, because that pirating of music is a significant drain on the economy.

Mr. Graham Henderson: You can help us simply by vocally demonstrating leadership, by speaking out on issues like music education. We do not have Premiers or Prime Ministers like Bill Clinton and others, who vocally stood up for the importance of music education. If you can start to do that, it helps us.

We have an initiative that raises money called MusiCounts to put instruments into the hands of young musicians. Similarly, the federal government has done a lot to help us in our battle against illegal sources, but they could certainly do more. One of the biggest problems we have is that consumers cannot find legal services on Google. Type in: "Carly Rae Jepsen"; pick your song; press "search." You would have to look to page 7 of the results to find iTunes. Before you get there, you have six and a half pages littered with illegal sites which are constantly being taken down and constantly being put back. With government support, maybe we can urge intermediaries to actually do something to help consumers find legitimate sources, because I think they'd like to.

Mrs. Donna H. Cansfield: I concur with you, and I think it's an education. I'm going to suggest that most young people who download music don't realize how illegal it is. So there's a whole education component—

Mr. Graham Henderson: Right—or the harm.

Mrs. Donna H. Cansfield: —or the harm that it's doing to the economy.

Mr. Graham Henderson: The difference between an artist's career today and 15 years ago is stark.

Mrs. Donna H. Cansfield: You're right. Thank you very much for your presentation.

The Chair (Mr. Kevin Daniel Flynn): Thank you for coming.

ONTARIO PHARMACISTS ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is the Ontario Pharmacists Association: Dennis and Carlo. Please come forward. It's good to see you again. Make yourselves at home. You have 15 minutes, like everybody else. Use that any way you see fit. If there's any time left over for questions, it will come from the Conservative Party. The floor is all yours.

Mr. Carlo Berardi: Good morning, Mr. Chair and members of the committee. My name is Carlo Berardi. I am from Sudbury, and I'm the volunteer board chair of the Ontario Pharmacists Association. Joining me today is Dennis Darby, the CEO of our association. We appreciate this opportunity to speak to you today.

The OPA represents the views and interests of more than 14,500 pharmacists, pharmacists-in-training and pharmacy technicians right across this great province. Included in our membership are staff pharmacists who work in large and small retail pharmacies; pharmacists who are independent owners of their own stores, like me; hospital pharmacists; and pharmacists who work in non-clinical settings such as government.

We are here today to encourage you, as you deliberate the next provincial budget and your recommendations to the Minister of Finance for what should be in that budget, to include modest funding allocations that will enable pharmacists to offer more services to Ontario patients by way of enhanced scope of practice. The legislation that allows for this received royal assent in December 2009. Our regulatory college, the Ontario College of Pharmacists, has developed the necessary regulatory framework to regulate a broader practice of pharmacy. We believe the time has come for the government to take the next logical step, which is to provide modest compensation to pharmacists and pharmacies to be able to provide high-quality, low-cost, convenient health care to the people of Ontario.

The OPA recognizes that in these challenging economic times, policy-makers may not be able to go forward with everything all at once. In that spirit, we want to focus our discussion on three areas that we believe can go forward right away, will have minimal fiscal impact, will produce immediate savings elsewhere in the system and lead to a better quality of life for people.

First, we want to talk about vaccines and immunizations. As members know, pharmacists were empowered to administer the flu shot in October 2012. That first season, which was last year, we had little time to prepare, and the public did not have much awareness of the new program. Despite that, pharmacists gave 250,000 flu shots. This year, our second season, so far we have delivered some 700,000 and may reach one million before the season is over. Clearly, the public has embraced and accepted this type of care from pharmacists, especially as it is government-approved and funded.

Only pharmacists with the proper training can provide vaccines and immunizations. What you may not know is that once a pharmacist is trained to do so, he or she is trained to administer other vaccines and immunizations, as well. The training is the same. So the local pharmacist who gave a senior the flu shot can also administer travel vaccines. Our members can help to vaccinate the public against pertussis, HPV and a number of other threats to public health. All we are lacking is the authority and the funding to do so. For your information, pharmacies receive \$7.50 per flu shot from the Ontario government.

0950

Secondly, we want to talk to you about smoking cessation. Today, the Ontario public drug plan funds smoking cessation programs to OPDP recipients; that is, for seniors, the disabled and recipients of social assistance. There is no such program for people who are not Ontario Public Drug Programs recipients. Unfortunately, while

smoking rates have come down, about 18% of adults in Ontario still smoke. We propose extending the smoking cessation program to adults who are not on the public drug plan. The program, which includes drugs and counselling, takes place over a number of weeks. The OPDP funds this at a rate of \$150 per patient.

Extended to the broader population, we anticipate the uptake would be approximately 10,000 people per year, for a cost of \$1.5 million. According to Ontario Public Drug Programs data, 28% of people who take the program quit for good. If we extrapolate that quit rate, there would be 2,800 people per year who would kick the habit. When we consider the costs associated with treating smoking-related disease, including hospitals, physicians, surgeries, chemotherapy, radiation, medication etc., I think you will agree that this is a good investment.

Finally, we want to talk to you about initiating a common-ailments program in Ontario. Also referred to as minor ailments by some, there are a number of self-limiting conditions, such as athlete's foot, poison ivy, pink eye and others, that pharmacists have the expertise, but not the regulatory authority or funding, to diagnose and prescribe the proper treatment.

Many patients recognize these conditions for what they are, and seek help from their pharmacist first, only to be told they must visit a doctor and seek out a prescription first, and come back several hours later. If this interaction takes place during an evening or weekend, patients must look for a walk-in clinic or, even worse, attend the emergency room of a hospital just to receive the necessary prescription.

All of this could be avoided if our members were allowed to provide a common-ailments program. Using the same algorithms that physicians use, pharmacists can quickly make the right diagnosis and dispense the proper treatment. Again, we are proposing this program for self-limiting conditions; these are low-risk conditions that present minimal threat to a patient's well-being, but must be dealt with nonetheless. I would encourage you to consider not only the financial savings involved here, but also the time and convenience for patients and the additional capacity that would be created in doctors' offices, emergency rooms and other primary care providers.

Pharmacists are highly trained, highly skilled health professionals who can, and want, to do so much more for the people of the province. At a time of scarce resources, it makes sense for the government to leverage as much as it can from all providers. Pharmacists stand ready; all we need is the authority and the funding to begin.

I will now turn the microphone over to Dennis, who will conclude our presentation.

Mr. Dennis Darby: Thank you, Carlo. Members of the committee, the OPA retained Accenture management consultants to advise us on the costs of what we're proposing, as well as the offsets and savings elsewhere in the system. We have included copies of this information in your materials. We have also included consumer data from Ipsos Reid, which will shed some light for you on

the degree of public support that these proposals enjoy, and you'll see that they're quite significant. The public is ready, willing and able to use pharmacists to get more health care.

We want to conclude by telling you that, although what we're proposing would be new to Ontario, pharmacists are already doing this work that we've been talking about in other Canadian provinces, in the United States and in the UK, among others. These programs have been proven to be safe and effective elsewhere; in essence, approval here would allow Ontario to catch up to many other jurisdictions.

The public accepts more health care from pharmacists, the legislation is in place and our members are ready, willing and able. What we need is the regulatory approval and modest funding from Queen's Park to start providing more, better and affordable health care for Ontarians.

We would be pleased to answer any questions that you may have. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Vic or Doug, you've got about six minutes.

Mr. Victor Fedeli: Thank you very much. Welcome, Carlo. Nice to see you today. Dennis, welcome to Queen's Park as well.

The vaccinations and immunizations—I understand that you provided about a million flu shots this past season, almost a million in Ontario?

Mr. Dennis Darby: We should hit that number by the end of the flu season.

Mr. Victor Fedeli: By the end of the flu season.

Mr. Carlo Berardi: That's our potential target, and we're pretty enthusiastic and excited. We're going to get close to it, if not beat it.

Mr. Victor Fedeli: So, these pharmacists, you said, have gone through that extra training. I know that, when I went last year to get mine, I was the first one that our pharmacist had injected in 19 years. He told me he practised on an orange for quite a few weeks before. I'm sure his training was a little more extensive than practising on an orange, but it was painless, and this year, as well, was equally painless.

So you're suggesting that the fact that this training has been done and they're ready to go—you will have implemented almost a million flu shots, and you're ready to do vaccines and immunizations. What number would you hope to achieve of vaccines? Are these the types of things for travel shots, children's shots, those kinds of things? Is this what you're talking about?

Mr. Carlo Berardi: Thank you, Vic. Well, if we look at, for example, travel vaccines, hep A and hep B, those are injections that are given over a period of six months, so typically there are three injections: one at time zero, one at one month and the third at six months. As a clinician and practising pharmacist, I can tell you that people are not coming back for the second and the third. They will go get the first injection and then, because it involves making an appointment with your physician at the one-month and six-month interval, people are just not

doing it. You have to have the three injections to be immunogenic. Just with the one, you're not going to have the antibodies developed.

There's a real cost when Canadians travel abroad and come back, and perhaps have contracted hep A and hep B—what's the cost to the system? What we're saying is that there's a real benefit to public health if pharmacists can give—it's convenient. It means that you as a patient, on your way home from work—"Oh yes, I can stop by the pharmacy and I'll get my travel vaccine. I don't need an appointment." It's hard for people who work to have to break out of work and just go get that second and third shot.

Mr. Victor Fedeli: So what number are you talking about?

Mr. Carlo Berardi: In my pharmacy—it's a community pharmacy in northern Ontario. I have a large-sized business. I'd probably be looking, in my business, at maybe about 80 to 100 people per year. We're not big numbers.

Mr. Dennis Darby: So we're talking about tens of thousands, I think. In Alberta, because Alberta has broader authority for pharmacists, in the first year of providing non-flu vaccines, they delivered just over 30,000. We're somewhere over 100,000 to 150,000 in Ontario. In British Columbia, pharmacists give both the pertussis vaccine and the pneumococcal vaccines, and those, again, are in the hundreds of thousands.

I think it's more about the fact that they've had the training and they'll be able to do this on a routine basis rather than having to go back and forth to the physician. As Carlo said, one benefit is adherence, because if there's a series of vaccines and if you have them administered by the pharmacist, there's a higher chance that you'll actually go through with it.

Mr. Victor Fedeli: You'd be looking at the same remuneration, the \$7.50? It's an adequate number?

Mr. Dennis Darby: Not for the travel vaccines. Travel vaccines are almost always covered by private plans in many cases or are cash. But for things in the public health interest, like pneumococcal or pertussis, most certainly, we think that would be appropriate at the same rate as the flu vaccine.

Mr. Victor Fedeli: The common ailments: So the whole purpose of that is to keep people out of the emergency room, which is one of the more expensive costs. Is that the idea, to have them stop in at the pharmacist and talk about something that's a minor ailment?

Mr. Dennis Darby: Yes. I think the program that exists in the UK and now exists in Saskatchewan and soon in Quebec and Nova Scotia really defines a series of conditions where pharmacists would be able to do a triage and make a decision. Yes, indeed, that would keep people out of a walk-in centre, keep them out of the emergency room. Of course, if pharmacists see someone come in and they're showing symptoms of something more serious, even today, we'll send them to an emergency room if they need to. But this is really for those things that are kind of self-limiting.

Mr. Carlo Berardi: Typically, these things tend to follow seasonal effects. So in the summertime, when I work on a Sunday afternoon, I invariably every weekend get one or two poison ivy cases coming in on a Sunday at three o'clock. It's terribly frustrating to the patient; it's very bothersome to have this. You recognize it and you talk to them; you know where they've been. Typically, what happens, you're limited to prescribing off-the-shelf, very low-potency drugs, which basically will not really be as effective as what you could do.

In the wintertime, you get a lot of athlete's foot. You get the worker who comes in at 8 o'clock at night with an athlete's foot problem, and you know why it's caused, because of the boots and the socks. You can diagnose it very quickly. Again, you're limited to what you can recommend.

Invariably, sometimes you have to refer these people. For pink eye, for example, you've got to go to a walk-in clinic. They're frustrated, because they've got to go there and wait for hours—or to a hospital.

1000

If you're that rural pharmacy in cottage country—we've got to make health care accessible in those rural areas too. I mean, why should people have to drive two hours just to take a sock off and say, "It's athlete's foot" or "Check out this oozy rash on my leg"?

Mr. Victor Fedeli: Thanks for that thought.

The Chair (Mr. Kevin Daniel Flynn): You have a very small amount of time, Doug. You may be able to say thank you.

Mr. Douglas C. Holyday: Yes, well, it's just a general question that I have. The government is contemplating changes that might affect you as small business people, and I'm just wondering what you think of those. They want to add revenue tools; they want to increase the cost of gas—

Interruption.

Mr. Douglas C. Holyday: Apparently we're not getting that one.

The Chair (Mr. Kevin Daniel Flynn): It will have to be a very short answer.

Mr. Dennis Darby: With respect to changes for small businesses like yourself, are you aware of issues that are affecting your small business?

Mr. Carlo Berardi: I can tell you, as a small business owner, it's the best and the worst of times. There's a real opportunity for a small business that is well connected with their community.

I'm just talking as a small business owner. I've never felt that the big chains or the corporate new entrants in Ontario are threatening me. I could thrive against them, simply because as a small business owner, a community person, I can connect with my customer.

It's the worst of times because my costs keep going up, everything from my cost of doing business, applications, forms—it's getting incredibly frustrating, on the back-end side. But as far as the customer side, it's great.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Carlo. Thank you, Dennis. Thank you very much for coming today. It was appreciated.

ONTARIO HOME BUILDERS'
ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Okay, next we have a familiar face—Joe and Mike, if you'd like to come forward—the Ontario home builders. You know the drill as well as anybody, Joe. You have 15 minutes. Use that any way you see fit. Any time left over will go to the NDP. If you would introduce yourselves for Hansard so they know which person is speaking when. The floor is yours.

Mr. Joe Vaccaro: Thank you. Good morning, Chair and members of the committee. My name is Joe Vaccaro, and I serve as the CEO of the Ontario Home Builders' Association. Thank you for the opportunity to provide some comments regarding the upcoming budget. I am joined by Mike Collins-Williams, the director of policy at the OHBA.

We will be submitting a formal written pre-budget submission to all of you and to the Minister of Finance next week.

OHBA is the voice of the new housing, land development and professional renovation industry. Our association includes 4,000 member companies organized in a network of 31 associations across the province. The residential construction industry supports over 322,000 jobs and contributes over \$43 billion to the provincial economy.

An important fact to consider when hearing these numbers is that our industry isn't just based in one or two cities, but we create jobs and build communities from Windsor to Barrie, from Niagara to Thunder Bay, from Ottawa to Toronto. We are the engine that drives Ontario's economy.

Our deputation today is going to focus on our top two budget priorities, which include investment in infrastructure and a permanent home renovation tax credit to combat the underground economy.

The second part of our presentation will address two major public consultations that could find their way into a budget bill this spring. I am, of course, speaking about the land use planning and appeal system as well as the development charges system in Ontario.

Mike?

Mr. Mike Collins-Williams: Thanks, Joe. I'll start off with the renovation tax credit.

We believe that a broad-based, consumer-focused tax credit, similar to the now-expired federal government's Home Renovation Tax Credit, is the best method to deal with the problem of the cash economy in the renovation sector. Fundamentally, this is a problem that's best dealt with through a regulatory system that catches these underground operators, alongside a plan to address the consumer demand for cash renovations.

Related to this is the Healthy Homes Renovation Tax Credit, which OHBA strongly supported and which offers a rebate to seniors, to age in place, to make accessibility-related retrofits.

Underground operators don't pay WSIB, they don't pay corporate taxes or personal taxes, and they often

don't even receive building permits. This is a huge problem, and the government is literally losing out on billions in revenues, and consumers are not protected from this. This problem has been compounded in the last year by the mandatory WSIB coverage that's driving even more contractors underground.

We believe that the receipts generated from tax credits provide the Canada Revenue Agency with a wealth of data that could be cross-referenced to those companies with WSIB information and with building permit data for municipalities to catch underground operators.

We strongly encourage the provincial government to provide broad-based incentives for consumers to fight the underground economy.

I'd just like to reiterate that when it comes to home renovations in the underground economy, we're not talking about a few million dollars. This is literally a multi-billion-dollar problem. Those tax dollars could be used to build hospitals or subways, and they're literally disappearing into thin air.

Mr. Joe Vaccaro: OHBA responded favourably to last year's budget as it extended the three-year, \$35-billion infrastructure commitment by rolling it over to include another year. We expect that this year's budget will maintain that commitment, and we believe that strategic infrastructure investments help enhance economic prosperity and productivity.

We expressed our disappointment this summer with the Metrolinx investment strategy which, if implemented, would actually make transit-oriented development even more expensive. This approach runs counter to the desired public policy outcome to make new neighbourhoods and new employment centres along transit routes as affordable and attractive as possible. These are the locations where you want to encourage growth and encourage ridership.

OHBA's past president, Leith Moore, was asked by the Premier to sit on the Anne Golden transit panel to take a fresh look at the issue of transit funding. We believe that they landed on a much more equitable formula. The development industry is a key partner and will play a fundamental role in the implementation of the Big Move. Here's how: In 2012, new home buyers and new employers contributed \$1.3 billion in development charges to infrastructure. Going forward, the Golden panel has recommended that the province utilize a land value capture on transit corridors. As an association, we are prepared to work with Metrolinx to make this work. But first, this only works when you put transit lines in the right place, where they will actually attract significant private investment and development. Secondly, it needs to be packaged with pre-zoning to create certainty in investment-ready communities.

The reality is that the private sector will invest in transit, but we will require planning certainty as to the higher transit-supportive densities that we'll need to make transit investment work, which means taking the politics out of planning.

Mr. Mike Collins-Williams: Taking the politics out of planning is a perfect segue into the land use planning

and appeals system consultation. Through the recent consultation, we made a number of recommendations to the government that really focused on greater municipal leadership and on getting things right at the beginning of the planning process. If we can improve the planning framework by creating more certainty and transparency at the front end of the planning process, that, in turn, will reduce conflicts and tension at the back end of the process, which we believe will result in far fewer appeals to the OMB and, most importantly, better outcomes.

This means that the province must be much more assertive in enforcing the Planning Act, which requires that municipalities update their official plans every five years and that zoning be updated and brought into conformity with provincial policy within three years of that. We need a system where local planning implementation policies actually reflect provincial policy.

Many municipalities across Ontario have outdated official plans. To be blunt, zoning in many Ontario communities is so archaic that it practically means nothing. Just outside of this building here, most zoning in downtown Toronto may have been harmonized with other amalgamated municipalities, but it hasn't been modernized since the 1970s. In some areas of North York, it's even worse: since the 1950s. This is not just a Toronto issue, as the same outdated zoning issues are found in the downtowns of London, Ottawa and even many intensifying suburban communities.

A significant number of planning conflicts, and ultimately, appeals occur when applications actually conform to provincial policy, but they have to go through a municipal process based on decades-out-of-date planning documents.

With respect to the OMB itself, the board should remain as an essential piece of the broader planning framework in Ontario. Independent academic research has actually found that, in fact, contrary to what's often reported in the media, the OMB most often sides with the professional opinions of municipal planners. We support the principle of a strong OMB to uphold the provincial interest in the planning review process in Ontario. The development industry and, for that matter, any applicant, including non-profit agencies and social housing providers, need an OMB that is independent and impartial. It must be prepared to make decisions based on the provincial policy statement and the merits of the development application itself. We see this role continuing, albeit we believe that there are significant improvements that could be made to the planning process to substantially reduce the number of appeals. And in cases where appeals do occur, we believe that an enhanced role for mediation could result in better outcomes for all the stakeholders involved.

Mr. Joe Vaccaro: I'm going to conclude our remarks today by touching on the development charges consultation. Research, whether CMHC's report or research by private firms like the Altus Group or IBI Group, shows escalating municipal charges and government-imposed charges on new neighbours.

1010

OHBA took the consultation as an opportunity to engage all 31 local associations. We hosted a number of meetings across the province in Toronto, London, Waterloo, Ottawa, Hamilton and other locations. We heard from our members across the province, and their comments all spoke back to the principle of affordability and fairness, accountability and transparency.

Our first recommendation is to rename the act the "new neighbour tax" to accurately reflect who is actually paying development charges, section 37 fees, voluntary payments, parkland dedication fees. New neighbours, both new homeowners and new employers, are ultimately providing municipalities with billions of dollars of infrastructure funding. The Ontario government calculated that in 2012, \$1.3 billion was provided to municipalities through development charges. Including the other fees, we're looking at well over \$2 billion worth of charges available to municipalities to help finance infrastructure renewal. This is a significant tax revenue.

Overwhelmingly, our members are recommending greater accountability and transparency from municipalities to these new neighbours so that that \$50,000 or \$60,000 or \$70,000 in new neighbour taxes that are included in the price of a new home or new employment centre are reflected in the roads, services, transit and parks that the municipality has committed to provide on time and on schedule to these new neighbours.

We've identified current parkland dedication policies as being completely out of step with modern planning. These policies actually promote urban sprawl. We have situations in Richmond Hill, for example, where developers are currently building low-density townhomes along the corridor where the Yonge subway will be extended because the cost of building higher-density developments on future subway lines due to parkland dedication fees makes it the better option for the marketplace. Something is wrong in our planning system when fiscal policies prevent intensification from occurring in the exact locations where it should be built up.

This consultation was an opportunity to have a fact-based discussion on the impact of development charges, parkland dedication fees, voluntary payments, section 37 on new neighbours. OHBA, through our local associations, has provided recommendations that support the creation of investment-ready communities and the principles of affordability and fairness to new neighbours.

Municipal politicians continue to demand more provincial money for local infrastructure when we are several years into the uploading of social services and after both the federal and provincial governments have dedicated portions of the gas tax to local transportation infrastructure.

In growth municipalities, we continue to hear the demand for new neighbours to provide more tax revenue for infrastructure renewal, while they also continue to celebrate property tax freezes.

What OHBA is advocating for is a system that is crystal clear in what is in versus what is out, and we require greater transparency and accountability from

municipal governments for how they spend the up to \$1.3 billion in annual development charges.

I thank you for your time this morning, and I look forward to your questions on our presentation. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Joe. Thank you, Mike.

Michael, between two and three minutes.

Mr. Michael Prue: Okay, not too much.

I'd like to commend you, first of all, because, on balance, most of what you've said I have no difficulty with. When you start talking about the OMB, I do.

You said that this is such a good institution. Why is it the city of Toronto, the city of Mississauga, the city of Kitchener, the city of London—I'm trying to think of all the others—all have asked to be released from the OMB because they think it is an abhorrent and horrible institution?

Mr. Joe Vaccaro: Well, I would start by stating that, in our view, the OMB takes the politics out of planning. What we continue to see is that there is a disconnect between the provincial planning framework—which is demanding that communities evolve; it is demanding intensification; it is demanding that communities plan to accommodate provincially legislated growth forecasts over the next number of years. That's the demand that has now been put on municipalities. The reality is, as people who have served on municipal council and have served in the position of mayor—they understand that it is very difficult for existing residents to welcome change in their community. We respect that, but communities are evolving, and part of that is the push by the provincial government. So what we see is a situation where applications become politicized. Ultimately every application goes through a process, and that process includes abiding by the municipality's complete application process, pre-consultation, public meetings. It's a public process, but ultimately, regardless of the merits of that application, there is a political vote at council to determine whether or not that application will move forward.

What the OMB strives to do, and its critics have also recognized this, is take the politics out of that decision. The question is, is the application consistent with the provincial framework and the requirements? What we've identified is a disconnect here: a lack of updated zoning requirements. It is easy enough to move forward an official plan, but now the next step is to do the appropriate work, which is to update the zoning.

The city of Toronto is a great example. There are pockets in this city that have not been updated for 30, 40 or 50 years. Yet the changes that are happening are happening through applications that are coming in and moving forward because they are consistent with the new planning regime. That's the disconnect we see.

What the OMB strives to do is to take the politics out of that discussion, to look at the merits of the application and move it forward. That's our perspective, and the academic research we've seen in the last little while supports that.

Mr. Michael Prue: Okay, but the public perception is diametrically opposed, you have to admit, to what you're saying. I don't know of any communities in this city or in this province that say, "Hooray for the OMB." Do you know of any? If you do, please, tell me one. I mean, everybody is shaking their head. I don't know of a single community that doesn't think they get ripped off every time they have to go to the OMB.

Mr. Joe Vaccaro: I would say this to you, then: There are a number of celebrated communities in Toronto that the OMB had a significant hand in moving forward. I look at the Distillery District as an example; we are now celebrating that place as a wonderful place. The reality is the OMB had a major part in moving that forward. There's part of the process, and the OMB does have a hand in some of these celebrated communities across the province.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Joe. Actually, I'm going to have to cut you off there, unfortunately. But I think we knew what you were going to say.

Mr. Joe Vaccaro: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming. Certainly, you can continue that discussion at a later date if you so choose, but your presentation was appreciated.

INCOME SECURITY ADVOCACY CENTRE

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this morning is from the Income Security Advocacy Centre. Jennefer, are you with us?

Ms. Jennefer Laidley: Yes, right here

The Chair (Mr. Kevin Daniel Flynn): Once these gentlemen vacate, if you would make yourself comfortable. Like everybody else, Jennefer, you get 15 minutes. Use that any way you see fit. If you do leave any time at the end for questions, it will come from the government side.

Ms. Jennefer Laidley: Sounds good. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): The floor is all yours.

Ms. Jennefer Laidley: Thank you. I'm just going to set my stop watch so I can see how I'm doing here.

Good morning, everybody; good to see you all. Thanks for the opportunity to come and speak to the standing committee this morning. I wish I could make my presentation interesting and have displays and maybe an interpretive dance or something because I know that you all have to listen to many, many presentations. I appreciate your attention.

My name is Jennefer Laidley, and I'm with the Income Security Advocacy Centre. ISAC is a specialty legal clinic that's funded by Legal Aid Ontario. We have a province-wide mandate to work to resolve systemic problems in Ontario's current social assistance programs. We've been working on these issues since 2001, and most recently, we've been very involved in the social

assistance review and reform processes and the efforts to reduce poverty in Ontario. We work with legal clinics in communities across Ontario. I know that all of you have at least one legal clinic in your constituency. We also work in coalition with groups like the 25 in 5 Network for Poverty Reduction, Ontario Campaign 2000 and the ODSP Action Coalition.

You'll see from our written submission that we're making eight separate recommendations for budget 2014. That's on the first page there; we've done a little summary. While all of them are important, I want to highlight just a few.

First, I want to express how important it is that positive progress continue to be made on reforming Ontario's social assistance programs. Those reforms require investments, which is why this is a budget issue. This is the first budget of the next five-year Poverty Reduction Strategy, which all parties in the Legislature supported when the Poverty Reduction Act was unanimously passed in 2009. In order for progress to be made on poverty reduction in this next five years, significant investments need to be made now. Investing in positive reforms of Ontario's social assistance programs would constitute the kind of down payment on poverty reduction that would make a real difference to real Ontarians.

Last year's budget introduced several positive but modest reforms to social assistance programs. These are important indicators of movement in the right direction, and while they're not transformative, they are positive. More movement in this direction is required. Since reforming programs for people living on very low incomes poses a significant danger of making their situations worse, reforms clearly need to be made thoughtfully. But they also need to be made with additional investment in the system.

1020

Reforms to social assistance can't be based on re-allocating funds, benefits from one group to another group, or undertaken with the expectation that we're going to see program savings in the short term.

With that in mind, I'd like to highlight five items in our submission. First, as I know all of you have heard many times before, people on social assistance in Ontario need additional income supports. They need a commitment to adequacy of income, and they need a plan to get them there.

Rates remain very low, and even with the small increases over the last nine or 10 years, and the creation of new tax-delivered benefits, the majority of people receiving social assistance in Ontario continue to live in poverty and many—particularly single people on OW, Ontario Works—live in deep poverty. A significant investment in rates is necessary, and additional supports are also required for those singles on OW whose poverty is the greatest.

But other people on social assistance cannot afford to have their benefits frozen at the same time. One aspect of last year's budget that we found deeply concerning was the red circling, or the freezing, of rates for the family

members of people with disabilities receiving disability support benefits.

The very small rate increase that came into effect in September was only given to the person with a disability in the family and not to the other family members. This practice runs directly counter to the policy goal of reducing poverty, and we ask that it end in this budget.

The second item I'd like to highlight is changing the treatment of child support payments so that they're treated the same as earned income. Changing the rules around child support would make a critical difference for single parents who are on social assistance, the vast majority of whom—about 90%—are women.

Current OW and ODSP rules mean that any child support payments that they receive are deducted dollar for dollar from their benefits. So they see absolutely no benefit from child support. If child support were treated the same way as earned income, that is the first \$200 exempted and a 50% benefit reduction beyond that—and that's the new rules that were instituted as a result of the budget in this last year—if those rules were to be changed, the poverty of single parents and their children could be significantly reduced. And if child support were treated in this way, requiring single mothers to pursue child support as a source of income, which is currently the case in the current rules, would no longer be necessary. We would replace a coercive practice, a coercive rule, with a positive incentive.

The public resources consumed in family courts and the legal aid system could also be reduced under this scenario. Clearly, fathers need to support their children, but children should get the benefit of that support.

The third item concerns the Ontario Child Benefit. As you know, the OCB has been a very important part of the efforts to reduce child poverty in this province and has made a significant difference. We're recommending that the OCB be increased by \$100 a year with inflationary indexing over the next five years of Ontario's next Poverty Reduction Strategy. This will allow that benefit to not only keep pace with the cost of living, but also continue to play a central role in reducing child and family poverty.

Increases in the OCB, however, must not be accompanied by further social assistance rate restructuring. When the Ontario Child Benefit was created in 2008, and every time that the OCB is increased, social assistance rates are reduced for families with children. This is called rate restructuring, and it has resulted in a significant decrease in the basic needs allowance and child-related benefits for people on OW and ODSP.

So while families with children on social assistance have seen a net benefit from the OCB, that net benefit has been small, relative to that seen by other families with children. Rate restructuring has undermined the policy goal of reducing child poverty in Ontario and it needs to end.

Fourth, people on social assistance need to return to the programs that provided a source of designated funds with appeal rights for the large lump sum costs that allow them to get and stay housed.

You probably remember that the Community Start Up and Maintenance Benefit and the Home Repairs Benefit were eliminated from social assistance programs starting in 2013. CSUMB, which is the acronym for community start-up, gave people on social assistance whose incomes are, again, amongst the lowest in the province, a source of funds to pay for those lump sum items like first and last month's rent, buying and replacing furniture, deposits on utilities and overdue rent or utility bills.

The Home Repairs Benefit gave people on social assistance who own their own homes—and these are folks primarily in the rural areas—a source of funding to keep their homes in good repair, but a new funding regime was created that means that there is less money now available to support low-income people with these needs. Funds are delivered by local municipal service providers, some of whom have created replacement programs and some of whom have not.

Access to funds that ensure that people on social assistance don't become homeless now depends on which area of the province they live in. Given the depth of their poverty, which inevitably results in urgent situations of housing insecurity, they now face an even greater threat of homelessness than before. The housing security safety net that community start-up and the Home Repairs Benefit used to provide is now gone. These programs should never have been eliminated in budget 2012; they should be rightfully restored, and we urge all parties to push for their restoration.

But in the meantime, since the responsibility to meet housing and homelessness needs has been given to municipal service providers, they should at least be given sufficient funds to do so. Municipalities have been operating over the past year with a new funding structure that has consolidated five separate programs, and have had to deal with responding to the need created by the elimination of community start-up and the Home Repairs Benefit. An additional \$42 million in transition funds was provided to them, but those funds run out in March, and they should be made a permanent part of the funding envelope.

Fifth, we're calling for a commitment to create an extended medical benefits system for all low-income Ontarians. This issue has been discussed in many quarters, and it's gaining support across Ontario. The creation of such a system would address the hardship that is experienced by low-income workers and their families, who currently have little or no access to vision, drug and dental supports.

The labour market is increasingly not providing these kinds of benefits, and low-income workers are hit the hardest, but an extended medical benefits system would also respond to the challenge faced by people who are leaving the social assistance system for employment. People receiving Ontario Works lose their health-related benefits once they move into the labour market. This is particularly difficult for people with children.

While people on disability benefits, the ODSP, can continue to receive benefits after moving into work,

suspicion of the system and fear of losing the benefits can pose a major barrier to those entering or returning to the workforce. A new extended medical benefits system would be a significant, transformational reform that would have positive ripple effects throughout a number of program areas and the economy, and would leave a legacy for generations.

I note that I am just about out of time. Three more quick items in our recommendations:

A rule change that would change the definition of "spouse" so that it aligns with the Income Tax Act would mean that OW and ODSP rules would require a support obligation only after two people live together for one year instead of three months, as is the current situation.

The Special Diet Allowance should not be looked to as a source of income to make other reforms, as it meets a critical need for people with health conditions.

The ability of community organizations to help low-income people file their tax returns would help those low-income people access the tax-delivered benefits that are created in order to assist them.

Thanks for your attention. I'm happy to answer questions.

The Chair (Mr. Kevin Daniel Flynn): That's great. Thank you, Jennifer.

Ms. Jennefer Laidley: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Who's going to be asking the questions? Bas?

Mr. Bas Balkissoon: Thank you, Mr. Chair.

Thank you very much for being here this morning and providing us with your input. I just need to clarify your recommendation number 2.

Ms. Jennefer Laidley: Sure.

Mr. Bas Balkissoon: I want to understand it. When you say that child support payments are like earned income, are you saying that the support payment be part of their monthly OW/ODSP cheque that they receive?

Ms. Jennefer Laidley: So how it works now is, if a person has a child support order and is receiving child support, like any other source of income—and this is how both of the programs work—that income is deducted from their benefit cheque. So they would receive a child support cheque, and then they would receive a benefit cheque that has been reduced by the amount of the child support, unless, of course, the child support amount takes them over the eligibility threshold, in which instance they wouldn't be eligible for the benefit anymore.

What we're recommending is that the child support be treated the same way that earned income is treated, in that the first \$200 of child support would be exempt from being reduced from the benefit, and then a 50% reduction thereafter.

Mr. Bas Balkissoon: Have you costed that out, as to what it would cost the government to implement that?

Ms. Jennefer Laidley: No, we haven't costed that out, and it's a difficult costing to do, because we certainly don't have access to the records that would be available on how much each person on social assistance is receiving in child support.

1030

There's also the issue of voluntary agreements that wouldn't be counted—well, I suppose they would be counted, in that the benefits would be reduced. We certainly don't have access to those records, but through the family courts, that could be costed. I think the issue is less the cost to government in terms of the direct benefits that are being paid and more the cost to government in terms of the continuing level of poverty among families with children on social assistance. It's a cost-benefit analysis that needs to be done.

Mr. Bas Balkissoon: Okay. Have you taken the opportunity to appear before the committee of Frances Lankin and Munir Sheikh when they were doing their work?

Ms. Jennefer Laidley: Indeed.

Mr. Bas Balkissoon: And did you present this to them?

Ms. Jennefer Laidley: We did, and they in fact made that recommendation themselves. They recommend exactly what we are recommending, that child support be treated as earned income and that the requirement for single parents to pursue child support be made voluntary rather than mandatory, as it is now.

Mr. Bas Balkissoon: Okay. Thank you. My colleague has a question.

Mr. Steven Del Duca: I did have a question, but my colleague stole one of my questions.

Ms. Jennefer Laidley: Don't you hate that?

Mr. Steven Del Duca: Exactly, so I don't have any other questions, Chair. Thank you very much for being here.

The Chair (Mr. Kevin Daniel Flynn): We're down to seconds anyway. Jennefer, thank you very much for being here and thank you for your presentation.

Ms. Jennefer Laidley: Thank you very much.

CANADIAN FUELS ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is Eric Bristow from the Canadian Fuels Association. Eric, if you'd like to come forward. Welcome to the committee. Good to see you.

Mr. Eric Bristow: Good to see you.

The Chair (Mr. Kevin Daniel Flynn): Like everybody else, you have 15 minutes. Use that any way you see fit. Any time left over for questions will come from the Conservative side.

Mr. Eric Bristow: Thank you, Mr. Chair. Mr. Chair, members of the standing committee, my name is Eric Bristow. I'm the director of government and stakeholder relations in Ontario for the Canadian Fuels Association.

Just by way of introduction, Canadian Fuels Association members produce and distribute nearly all the fuels that power transportation in Ontario. Petroleum fuels account for 42% of the energy Ontarians consume. We're an anchor manufacturer in the province. The fuels we produce play a critical enabling role in the mobility of

people and goods. It's important to the fundamentals of the province's economy and Ontarian's quality of life.

Ontario is home to a third of Canada's refining facilities, along with an extensive infrastructure of transportation assets, distribution terminals and retail sites, providing Ontarians with the right fuel, at the right place, at the right time.

Canadian refiners continually improve environmental performance. Sulphur levels have been reduced over 90%. Air emissions of key refinery contaminants have been reduced 30% to 50%. Since 1990, greenhouse gas CO₂ emissions have decreased 26%.

Petroleum refining in Ontario is under intense competitive pressure. Meaningful consultation with industry is needed on key issues before the government announces or encodes new, or changes to, policies or tax measures in this upcoming budget, in order to avoid negative consequences for refining or manufacturing. I'll speak to a couple of specific examples shortly.

Before proceeding with any potential policy changes, cost, competitiveness and benefit impacts need to be well understood, with identified issues properly addressed. Canadian petroleum refiners are important economic contributors to Canada and Ontario. Recently the Conference Board of Canada reported on this sector, outlining its important contributions, including \$2.5 billion annual direct GDP to Canada, plus a multiplier effect of three times that. There are 17,500 direct refining jobs, at pay levels 50% above the average for manufacturing. I mentioned that a third of Canada's 18 petroleum refineries are in Ontario.

However, the Conference Board also outlined the significant global challenges that the petroleum refining sector faces. There is a low product-demand growth in North America and OECD countries. New super-refineries are being built in non-OECD countries, such as Asia and India, to serve their growing domestic demand and export. The North American price-setting refineries on the US Gulf Coast are three to four times larger than Ontario refineries. Canadian refiners need to be innovative to offset scale disadvantages, and they need government policies that are efficient, outcome oriented—as opposed to prescribing the how-to—and in line with requirements in key competing jurisdictions.

Like other manufacturers in the province, we are currently working on a dozen provincial and federal environmental policies that are either being implemented for the first time or are still being developed, and all of this at the same time. This cumulative regulatory load has negative competitiveness impacts. In some cases, Ontario and the federal government are regulating or working towards regulating the same items in different ways. This adds to the regulatory cost burden and unnecessary complexity. We urge the government to look at the cumulative impacts of the regulatory agenda for Ontario manufacturing and work towards a model that paces, stages and prioritizes the agenda in a more cohesive manner. This will give manufacturers the best chance of competitiveness success.

Two of the current files being worked by the Ontario government, biodiesel and greenhouse gases, are also being worked federally.

For biodiesel, in order to avoid a patchwork of different provincial requirements, Canadian Fuels supported the federal government in implementing a national 2% biodiesel mandate. A national mandate better recognizes the Canadian realities of geography, climate and fuel distribution, and minimizes the complexity and risk of supply disruptions, and encourages flexibility to minimize cost impacts to Ontarians.

Canadian Fuels' members provided evidence on the weak business case for an Ontario-specific mandate, as it has minimal incremental environmental, agricultural, economic or job benefits.

As an obligated party delivering fuels to Canadians and to Ontarians, Canadian Fuels provided input to a recent ministry regulatory proposal called Greener Diesel, outlining significant issues and terms essential to an implementation that minimizes the risk of supply disruption.

With a number of specific and significant issues on the table, it is premature to implement a unique Ontario biodiesel mandate as a part of this budget.

The Ontario government has been working towards developing its own greenhouse gas approach for industry. Canadian Fuels is very concerned that, to date, the Ontario policy discussions have not considered core competitiveness aspects to the degree necessary. Canadian Fuels and others in industry have outlined to the Ministry of the Environment several key steps to support the development of a provincial-wide strategy to address the GHG challenge in a cohesive, measured and sustainable manner. These steps need to be undertaken prior to tabling regulations.

So in pulling this together, in conclusion, we are an anchor manufacturer in the province, providing over 40% of Ontario's energy needs and nearly all of the province's transportation fuels. We have significantly improved our facilities' environmental performance, reduced greenhouse gases and improved our fuels, and will continue to do so. We are facing global competitiveness challenges, not unlike other manufacturing sectors in this province. We need governments to think about policies in a staged, paced and cohesive manner, supporting Ontario's jobs, economy and manufacturing sector. We urge meaningful consultation with industry on key issues—such as the ones I spoke about today: biodiesel and greenhouse gases—before the government announces or encodes new, or changes to, policies or tax measures in this upcoming budget.

I thank you for your attention and I welcome any questions.

The Chair (Mr. Kevin Daniel Flynn): That's great, Eric. Thank you very much for your presentation. You've left just about seven minutes for questions.

Doug?

Mr. Douglas C. Holyday: Yes, thank you very much.

Well, I'm interested in the fact that you're trying to be competitive with, I guess, other people who supply the

same product. I think that's good, but the thing that puzzles me about the competitiveness of your business is that when the price is out to the public, it's all the same. We've got dozens of people producing the gas and running the facilities, but at the end of the day, no matter what happens, the price is always the same. I'm just wondering why that is. If the government was to make you more competitive, would it reduce the price of gas—not uniformly throughout the group, but people who are able to perform better would have better prices?

1040

Mr. Eric Bristow: I guess a few comments relative to your question; it has a couple of facets to it. First of all, fuel prices in North America are not set in Ontario. We have to compete internationally. The price-setting jurisdiction in North America and impacting parts of the world is US Gulf Coast refineries, and they are three to four times larger than us. They bring product up into the northeast, up into New York harbour, and that sets wholesale gasoline prices. Refineries in Ontario, if you exclude taxes at the pump, which represents about 30% of the price of the pump—out of the refinery gate, Ontario refiners are competitive with US refiners. We have to be to survive.

Retail gasoline prices move based on a number of factors, including changes in crude oil, changes in the supply and demand for gasoline at the wholesale level, retail margins and any changes in taxes. The reality is, I'm not sure I can think of any commodity where you can drive down the road at 60 kilometres an hour and price compare. I can't think of many others that one can do that. So retailers have to be extremely competitive. People will go blocks out of their way to a station for what might be considered fairly small differences in prices. So a retailer, if they're out a penny a litre compared to another retailer, will lose business. You have to be competitive at the retail level and you have to be competitive at the wholesale level out of the refinery.

Mr. Douglas C. Holyday: Well, it just seems to me that in most instances, the prices are all the same. Yet, these competitive factors exist in producing the gas and certainly distributing it and then selling it, as you say, through these various dealers or outlets. Yet, at the end, the price always is the same. It's not even one cent or one fraction of a cent difference in most cases.

Mr. Eric Bristow: Experience has shown at the retail level that if you're out a half a cent a litre, you will lose business. People will go to the other station. So at the retail level, you have to be competitive day in and day out.

Now, prices will move up and down every day, or potentially every day, and wholesale gasoline prices move up and down. If wholesale gasoline prices in Ontario are not in line with wholesale gasoline prices in the US, it creates an arbitrage opportunity, and fuel will either move into Ontario or move out of Ontario. So if Ontario is low at the wholesale price level, fuel will be pulled out of Ontario, and if Ontario is high, fuel will flow into Ontario. On a day-in, day-out basis, there are

lots of businesses looking for very small differences, and on large volumes it has quite a dollar impact.

Mr. Douglas C. Holyday: Okay, the last question from me then: The government is contemplating, as you've heard, an increase of up to 10% a litre on gas to pay for transportation etc. What would your position be on that?

Mr. Eric Bristow: I guess a couple of comments: First of all, Canadian fuels and our members strongly support any actions that improve the efficiency of how we move people and goods to reduce the waste of fuel. Improved transportation, transit, helps move people more efficiently, and that reduces the use of energy or uses energy more efficiently. So we're very supportive of that.

In terms of the different—I guess you're speaking to the recent Anne Golden report. There were a number of different measures that were proposed. I mean, at the pumps, as we speak today, it's about 39 cents total tax per litre in Ontario. There already is a significant tax. I think the key thing for the Ontario government to think through, whether it be that tax or any other tax, is what are the consequences of making that change? If the price at the pump goes up or goes down or whatever, it will take money from other potential purchases and put it into that. So I think it's important that the government think through the consequences of tax changes and know that they're comfortable with those impacts.

The other thing that's critical is the business competitiveness impacts. If the cost of energy or fuel increases to a business as a result of something like that, what are the business competitiveness impacts of that? Could that cause businesses to have difficulty competing?

At the end of the day, I can't think of a single product made in Ontario with a price that's set in Ontario. We compete, in almost every sector, globally. Prices aren't going to change because Ontario's costs are higher or lower, depending on the cost structure of taxes. I think it's important to think through the competitiveness impacts and understand the implications before proceeding with any particular policy.

Mr. Douglas C. Holyday: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): It's going to have to be quick, Vic.

Mr. Victor Fedeli: Thank you, Eric. I think we heard from the Canadian Federation of Independent Business first this morning on what they feel the impact will be. Our MPP Bob Bailey in Sarnia has briefed our caucus quite well on this issue.

Would there be a couple of sentences you can give that I can take back to our caucus that would enhance what Bob has had to say about your position here today?

Mr. Eric Bristow: With respect to which—

Mr. Victor Fedeli: Just a summary.

Mr. Eric Bristow: I would say there are two things. One would be that the current level of initiatives on the table, both federally and provincially, for regulatory and legislative change or new initiatives is very substantial. There's about a dozen, and quite frankly, it's overwhelming industry. The whole rate and pace of that is very significant.

We had a study done by Baker and O'Brien, an independent company, to look at the potential impacts of three major policy files: fuels reformulation, greenhouse gas, and air emissions reductions. The estimated impact could be up to about \$3.5 billion, and, depending on the pace and state of that, it could put up to half the refineries in eastern Canada in a vulnerable position. So that's the linkage between that.

The other point I'd make is—

The Chair (Mr. Kevin Daniel Flynn): That would have to be a very, very short point.

Mr. Eric Bristow: Okay. For every policy, think through what that is doing to the competitiveness of the industry, be it refining or anything else.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today. We appreciate it.

ONTARIO CHAMBER OF COMMERCE

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is from the Ontario Chamber of Commerce. Andrea and Liam, if you'd like to come forward. Make yourselves comfortable.

Ms. Andrea Holmes: Good morning.

The Chair (Mr. Kevin Daniel Flynn): Good morning. Like everybody else, your group gets 15 minutes; use that any way you see fit. If there is any time at the end of your presentation, the questioning will come from the NDP.

Ms. Andrea Holmes: I'll just get some water, and I'll be good.

The Chair (Mr. Kevin Daniel Flynn): Just carrying on a family tradition.

The floor is all yours.

Ms. Andrea Holmes: Thank you for having us this morning. We're proud to present our preliminary pre-budget submission for 2014. I say "preliminary" in light of the fact that usually, by the time we do our pre-budget submission, we have the results from our pre-budget survey, one of the quarterly surveys that we release every year. In that, the business community answers many questions that are pertinent to the budget. Because it's earlier this year, this is not reflective of that, but it is reflective of our extensive network throughout Ontario.

The Ontario Chamber of Commerce represents 60,000 businesses across the province and 160 chambers of commerce and boards of trade. All in all, combined, it represents two million employed Ontarians and 17% of the GDP.

Again, when I was talking about those surveys, we do a lot of surveys, and one of them we did last year looked at Ontario's business climate and what businesses think of the economy going forward. We asked three questions: "In a global economic context, what direction do you believe Ontario's economy is going in?" "How confident are you in Ontario's economy?" "Looking inward, how confident are you in your own organization's direction?"

Two things we found from that: Businesses in Ontario are more confident in their own organization than they

are in the Ontario economy; secondly, there hasn't been that much change in the confidence of business in the economy since 2012. A lot of this information can also be found in our Emerging Stronger release, which is our economic agenda for Ontario that we release every year. This will be released two weeks from now. It is reflective of all the businesses in our network and our community. We believe that these five steps that we've outlined in our submission reflect what businesses think in Ontario.

The first thing that we urge the government to do and that we hope will make the province prosper economically is to tackle the deficit. Addressing the fiscal situation is probably the government's and business's first priority. The province spends more on interest charges than it does on colleges and universities. We think there are three things you can do to decrease that.

One is to continue and expand efforts to restrain public sector growth. Public sector salary growth has outpaced that of the private sector for the last 10 years—and there have been some measures taken by the government to do so. However, we believe there are loopholes that need to be filled and there need to be other things such as fixing the arbitration system to reflect municipalities' ability to pay and re-examining the sustainability of broader public sector pensions, some of which are in very poor health.

1050

Secondly, we urge the government to work with the federal government to close the \$11-billion fiscal gap. Ontario continues to pay more into the federation than they get in return. Therefore, we think that Ontario needs to work with the federal government to reform things such as equalization as well as employment insurance and fix the funding gaps in infrastructure, training, housing and regional economic development funds.

Third, we believe that you can tackle the deficit by transforming government, by making greater use of the private and not-for-profit sectors to deliver services. Last year, we highlighted this in our report on alternative service delivery and areas which the government can tackle. The government has taken some steps to get the low-hanging fruit, but we believe there are a lot more transformative measures that can be taken. The public and non-profit sectors can deliver services with cost savings in a more efficient and effective manner. The first thing we urge the government to do is to take an audit of those areas in which the private or non-profit sector could deliver things in a more timely and efficient manner. This year we will also be working with KPMG and Maximus to highlight how the government should do that in a step-by-step process.

Mr. Liam McGuinty: Our second priority—if you're on page 7 of the pre-budget submission—is to create winning business conditions. Consider the context right now. Energy prices are going to go up by 30% in the next three years. There's a chance that the corporate income tax rate will go up by half a per cent if the transit panel's recommendations are adopted. The minimum wage is almost certainly going to go up; it's just a matter of how

much and when. Finally, the government is now discussing the idea of another pension plan, which will be modelled after the CPP, which means you'd likely have mandatory employer contributions. When you take those things collectively, what we're hearing from our members is that over the last year the business climate has been adversely affected. Some of these changes are only potential right now, so our recommendations are fairly straightforward.

On the corporate income tax rate: Keep it the same. By the way, we actually do support some revenue tools for transit, but corporate income tax hikes is not one of them.

Minimum wage: If you're going to raise it, tie it to inflation. It's a way that keeps it in line with the cost of living.

Third, if you're focusing on pension reform, let's look at PRPPs. The best way to move forward with PRPPs is to make sure Ontario's regulations are harmonized with those of the federal government, BC and Alberta, who are moving forward on PRPPs.

Lastly, we have a minimum wage comprehensive paper that came out in September so I'd urge you to take a look at that, and we have a pension reform paper coming out in about a month.

Ms. Andrea Holmes: Third, plug the skills gap: Ontario businesses continue to suffer from a skills gap, and we've heard from our network that there is one that does exist. In fact, 30% of businesses within our network can't find someone to fill the positions they have because they can't find someone with the right qualifications. Worryingly, the skills gap is in those sectors that are going to grow and grow over the next couple of years.

There are two things that we urge the government to do in order to fill those gaps. As you see on the left side of this page, we have a breakdown of where those skills gaps are in the regions and the sectors in Ontario. We think that there needs to be a space for employers in training. There needs to be more demand-driven training.

There are two primary reasons that employers aren't investing in the workforce: (1) they look at it as a public good and (2) the training programs that currently exist do not make a space for them. Moving forward now, the federal and provincial governments are negotiating the labour market agreements and there is a new federal program, the Canada Job Grant, that could create more space for employers. We urge the Ontario government to step forward and take a leading role in ensuring that there's more demand-driven training so that people get the right skills that they need. In the coming months, we will be consulting with employers across the province on why they're not investing in the workforce and what measures can be taken by both the Ontario government and the federal government to increase the employers' role in doing so, and I urge you to look out for that, as it will be very telling as to why people are not getting the skills they need in the province.

The province needs to ensure that the new federal immigration system works for Ontario. Ontario could in

the past be a passive actor on immigration. Immigrants came here; they chose us, predominantly Toronto and the GTHA. But now they're going out west or to other regions in the country. The EOI system is a federal system that will be implemented next year. This creates a great role for Ontario to be a more active participant in the immigration system and get the people that we need to fill the skills gaps that there are in the province. Last week, we released a report on the EOI system and the employer perspectives. We consulted with over 200 employers across the province, and they gave us recommendations on how the system should be designed to work for Ontario employers. Within that, it needs to be fast, it needs to be demand-driven and it needs to be flexible. I urge you to look at that as well, as it's very timely. In the next year or so, it will be implemented, and Ontario can take a great stance in increasing our number of economic immigrants.

Mr. Liam McGuinty: Moving forward to page 10, our fourth priority is to tackle infrastructure. In the interests of time, very quickly, a couple of numbers I want to highlight: one is a number I'm sure you've heard before, which is \$6 billion. That's the amount of lost productivity experienced due to poor transportation connectivity in the GTHA. The second number is 67.3%: Nearly 70% of businesses that we consulted with in the 905 support revenue tools for transit.

We've laid out several parameters. If there are going to be revenue tools for transit, they have to obey certain criteria, according to the OCC. I don't want to go through those, in the interest of time, but I do want to go through page 11 and talk about the Ring of Fire a little bit.

We're going to put out a paper in a month that shows the economic benefit of the Ring of Fire. It's going to look at not just northern Ontario, but at what's its impact on Toronto's financial services sector. What's its impact on the manufacturing sector in southern Ontario? What's its impact on Mississauga's mining supply services sector? I'm not going to say the number, but in the first 30 years of the Ring of Fire's operation, it's going to bring tens of billions of dollars of economic activity to Ontario, and it's going to sustain thousands of jobs a year.

What we're urging the government to do is to tackle infrastructure. It's the biggest obstacle to development of the Ring of Fire. The creation of a development corporation is a really good first step, but what our members keep telling us is that they need the federal government to play a strong role.

What I'd urge everyone here to do is talk to your federal cousins and make sure that they understand that the Ring of Fire is for Ontario what the oil sands are for Alberta, and businesses in Ontario expect the same types of federal investments that were made in Alberta.

Ms. Andrea Holmes: Finally, our last step—and this is page 12—is to export Ontario to the world. SMEs and businesses in general do not export enough in Ontario. So Ontario needs to support those programs right now that actually are working for small businesses in particular.

One of them that I'm going to highlight is the global growth fund that the OCC is actually a part of. It's funded by both the government of Ontario and the government of Canada. Last year, we distributed 5.6 million grants to SMEs across the province. In doing so, we've helped them access foreign markets that they otherwise wouldn't have.

Sales generated from that have been \$189 million. That's been a great result. That's over 1,000 businesses that wouldn't otherwise have accessed those foreign markets.

We really urge the government to continue to provide additional funding to programs such as the global growth fund that help small businesses access those markets that they otherwise wouldn't have access to and generate sales and economic prosperity for the province.

In the interest of time, we went through it quite quickly, but we wanted to give you a sense of all of the recommendations and the steps we believe Ontario could take. I thank you for having us here today. We actually outlined on the last page the upcoming reports that we spoke to: the report on the Ring of Fire, our report on the pension reform, alternative service delivery and the employer role in training. We'll have some great results from those.

Is there anything else you would like to say?

Mr. Liam McGuinty: No, I think that's it. We're just happy to take your questions.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Andrea. Thank you, Liam. You've left about three minutes for questions. Michael? Jonah?

Mr. Michael Prue: I wish I had three hours. Okay.

The first question: You're talking about your first recommendation, continue and expand efforts to restrain public sector growth. You talk about public sector wages. You don't say anything about private sector wages. Last week or two weeks ago, the Globe and Mail published the 100 top executive salaries in Ontario, from \$49 million a year down to a paltry \$4 million a year. What effort should be made to restrain that?

Mr. Liam McGuinty: In the context of our pre-budget submission, we thought it would be more fitting to keep it on the broader public sector. But one thing that I do want to say is that 95% of our businesses are small businesses. Most of them are between the size of two employees and 10 employees.

It is an important subject. The point I want to make about public sector wages is this: That's a short-term solution. A longer-term solution is to transform the way we deliver services in this province. I just want to quickly comment on that. The room for shifting public services to the not-for-profit sector and the private sector, with government maintaining a strong role—there's a lot of room for that in Ontario. So I don't want to skirt the question—

Mr. Michael Prue: But you have.

1100

Mr. Liam McGuinty: But my point is that public sector wages, I would say, are a short-term solution. It's

what our members have called “low-hanging fruit.” The transformative measures are more transforming the way services are delivered.

Mr. Michael Prue: Why should public employees who make \$50,000 or \$60,000 a year be restrained when people who make \$49 million a year are not? You’re not saying anything about that.

Mr. Liam McGuinty: I’m not sure. I haven’t answered that question. In the context of this pre-budget submission, that wasn’t something that we had looked at.

Mr. Michael Prue: Okay. The next thing you say on that same page is about the pensions, that large pensions are not stable, but I think the OMERS pension, the nurses’ pension and the teachers’ pension are all hugely stable. They’re probably the model in Canada. Which ones are not stable?

Mr. Liam McGuinty: Well, there have been several news stories—I mean, we’ve heard about OPG and Canada Post—but we do make a point in our Emerging Stronger report coming up that, unlike what some people are saying, there are several very strong pensions in Ontario. I don’t disagree with what you’ve said.

Mr. Michael Prue: Okay. You went on to talk about how the corporate tax rate needs to be lower—

Mr. Liam McGuinty: Maintained. Maintained at the same rate.

Mr. Michael Prue: Maintained. Even the Minister of Finance for Canada says that all that has been accomplished by lowering the tax rate is that corporations are sitting on the money. No jobs are being created. What do you have to say about that?

Mr. Liam McGuinty: I think that the bulk of studies show that lowering corporate income taxes has a significant impact on investment. That would be our position on the corporate income tax. All we’re calling for is to maintain—

Ms. Andrea Holmes: Not to rise.

Mr. Liam McGuinty: —the corporate income tax rate. It was originally supposed to go down to 10%. Right now it’s at 11.5%, and we think, given the fiscal context, that that’s a reasonable level.

Mr. Michael Prue: Okay, but—

Interruption.

Mr. Michael Prue: Okay, I guess I’m out of time. Thank you. See? I knew I needed three hours.

Mr. Liam McGuinty: Thanks very much. Thanks for your time.

Ms. Andrea Holmes: Thank you for having us.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Liam. Thank you, Andrea.

CONSULTING ENGINEERS OF ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Okay. David, from the Consulting Engineers of Ontario, come on forward. Make yourself comfortable. It’s the same as everybody else: 15 minutes. Use it any way you see fit.

Mr. David Zurawel: Okay.

The Chair (Mr. Kevin Daniel Flynn): In any time left over at the end, the questions will come from the government side. The floor is yours.

Mr. David Zurawel: The floor is mine? Okay. Thank you very much. Good morning to the members of the committee. My name is David Zurawel. I am the manager of stakeholder relations for the Consulting Engineers of Ontario.

The Consulting Engineers of Ontario is grateful for this opportunity to appear before the committee this morning as part of the annual public consultation process in preparation for the 2014 provincial budget. We understand how much interest there is from the public to make these remarks in person before the committee, so we do appreciate the chance to appear.

CEO represents Ontario member firms that provide a wide range of engineering services to government and private sector clients. Our members’ professional staff are not just engineers, but also technicians and technologists, geoscientists, architects and planners. Through their service offerings, CEO member companies directly impact the economic, social and environmental aspects influencing Ontario’s quality of life.

Today we would like to discuss how we can work with government to ensure the best possible return on the investment it is making and planning to make when it comes to public infrastructure. In this light, we would like to table the following recommendations with the committee.

Our first recommendation is to continue the government’s commitment to a long-term infrastructure strategy, with an emphasis on planning. For Ontario to realize the maximum return on investment on the tax dollars it dedicates to public infrastructure, government must have a comprehensive plan that clearly defines when it has successfully achieved its goals.

We recommend that any long-term strategic infrastructure strategy contain the following key features:

- a commitment to close and stabilize the infrastructure deficit over a prescribed period of time;

- a predictable plan for infrastructure investment, to allow governments, organizations and firms that plan, finance, design, construct and operate infrastructure to appropriately develop and allocate resources;

- defined roles for all partners and stakeholders in identifying realistic, deliverable objectives with measurement and reporting of successes;

- realistic timetables that balance the long-term urgency of infrastructure investment with current fiscal pressures;

- adoption of sound and consistent asset management practices to quantify the state of the remaining service life of existing infrastructure; and

- a transparent annual evaluation of progress.

Our second recommendation is that strategic long-term infrastructure commitments must be supported by dedicated revenue streams. To preserve the integrity of planning and investment of the magnitude required by the province, adequate funding must be assured. Govern-

ment must ensure that funds raised will be applied to the development of maintenance of the assets for which they are committed. Dedicated revenue generated using innovative tools for specific projects must be safeguarded by inviolable designated reserves.

CEO believes this is critically important for the government to ensure that these revenues be placed in dedicated reserves for specific, intended infrastructure investment. It is imperative that these resources cannot be siphoned off by future competing priorities as has happened in the past.

Our third recommendation is to develop a standardized decision-making process, incorporating success metrics, to be applied to all public infrastructure projects to determine whether traditional or alternative financing and procurement methods should be used.

CEO believes that with any form of investment, diversification is the best approach. Recent successes with both horizontal and vertical infrastructure projects here in Ontario and across Canada have proven the value that alternative financing and procurement—or AFP—models, such as P3s, have. Under the right circumstances, they can deliver assets quickly, efficiently and with optimal sustainability.

While we understand the need for alternative financing and procurement methods, we must remember that P3s are a suite of potential solutions and not a panacea. Decisions to use these tools should be based on criteria that include sustaining and creating jobs, and local and regional economies. The bundling of projects simply to meet financial criteria or to create administrative ease can harm smaller companies in the construction sector. Moreover, awards to foreign consortia have also sent engineering and design work offshore, putting domestic jobs in jeopardy. To date, this has happened on two major transportation projects.

Consulting Engineers of Ontario believes that risk and return will ultimately be the issue that defines the government's actions. Infrastructure spending costs billions of dollars annually, and it will be at a significant disadvantage if it does not take advantage of the consulting engineering sector that brings diverse experience and lessons from around the world.

Our fourth recommendation is to focus on investment in core infrastructure, both on new capital projects and ongoing maintenance of existing assets. Investment in core infrastructure directly effects our growth and continued social, economic and environmental prosperity.

The province's current infrastructure deficit, as we all know, is calculated to be more than \$100 billion. Much of our infrastructure—as much as 60% of that deficit—is more than 50 years old and is either nearing the end of its design life or is in drastic need of repair and maintenance.

Safe and reliable Ontario infrastructure requires planned investment, but investment in new infrastructure must be balanced by reinvestment in aging stock of existing core assets.

The province has to continue to put great emphasis on programs to manage growth and development in a way

that supports economic prosperity, protects the environment and promotes a high quality of life. These plans will not be successful if there is inadequate core infrastructure, such as roads, water, waste water, and electrical transition and distribution systems to support them.

I think what we're getting at here is that infrastructure has to be viewed as an investment and not as an expense. The great recession and radical weather events have demonstrated in the recent past exactly the true extent to which the lack of core infrastructure investment has hollowed out our society's ability to efficiently and effectively respond to and recover from both economic and environmental shocks.

Since 2005, the Ontario government has recognized a need for greater infrastructure investment and committed roughly \$75 billion to initiatives such as ReNew Ontario, Places to Grow and Building Together. These commitments have started the province on its way to addressing its infrastructure deficit, but, as we can all attest, we still do have a long way to go.

Yet just as, if not more, important as these monetary investments is the need for a commitment to robust planning, and I must stress this. A well-balanced, long-term strategic plan aimed at reducing Ontario's infrastructure deficit while anticipating future growth will see us become more competitive and resilient.

This regained strength of our province will stem from the following:

- a reduction in capital, maintenance and operational costs of infrastructure, over an asset's life cycle;
- the creation of long-term, multi-sector job creation; and
- the fortification of Ontario's design, technology and construction industries.

So these are the recommendations that we'd like to take and present to you today, and I would take any questions that you may have at this time. Thank you for the opportunity.

The Chair (Mr. Kevin Daniel Flynn): Wonderful. Thank you, David. Thank you for coming. You've left about seven minutes for questions. We'll start with Donna.

Mrs. Donna H. Cansfield: Thank you very much for your presentation. I wanted to ask you a question, and it's about the statistics that we receive. On one hand, we go to the foreign-trained engineers, or engineers in general, who cannot get a job. They have difficulty getting a job. On the other hand, the engineers' societies and yourself recommend that we put a significant amount of money into core infrastructure programs, and yet we just had the board of trade here indicating the percentage of businesses that have had difficulty hiring somebody with the right qualifications by sector. For engineering and infrastructure it's 52.3%.

1110

See the juxtaposition? Because then what happens is that, if you don't have enough people, the price goes up, because it becomes a supply-and-demand issue. And yet you're suggesting that we continue with all transportation, all water conservation and health facilities.

Mr. David Zurawel: Yes.

Mrs. Donna H. Cansfield: So how do we deal with those competing interests when we don't have the people? Engineers are here but not qualified. You want us to invest more money. There are not enough people to do it, and it pushes the price up, which is ultimately paid for by the taxpayer or amortized over many years and paid for a gazillion times by the taxpayer. Any ideas?

Mr. David Zurawel: So how do we resolve that skills crunch in order to get what needs to be done? I thank you for the question. That's actually interesting. I think part of the method to solving that problem is taking a look at what skills we need and how we ensure that we can supply a steady stream of professionals as they come into Ontario.

Part of that is working with the professions. Government and the professions, I think, should work together to provide information to people who may be looking to come to Canada, looking to come to Ontario, and say, "This is what the requirements are in order to get your designation or to practise a profession here in Ontario." Perhaps an engineering or accounting or a legal or medical designation may be adequate in the jurisdiction they're coming from, but there is not a reciprocity, a recognition of that designation, here in Ontario or elsewhere in Canada. So how do we ensure that people who have skills match up with what the requirements are?

In order to do that, I think that information needs to be made available to people who are looking to immigrate to Canada, particularly into Ontario, and that's something that the professions and the government can work together to take and put out there. People have to understand what they're coming into before they get here if they are looking to practise engineering, as an example.

Mrs. Donna H. Cansfield: There is an accreditation process in Ontario. These are qualified individuals. They lack the so-called "Canadian experience." So maybe part of the responsibility rests not solely with government, but with the firms that need to hire them in order to give them the kind of experience that they need, and also for the societies as a whole to ensure that that happens. I'd just leave that with you, because I know that my colleague wanted to—

Mr. David Zurawel: Okay. May I make a brief comment on that? I think any solution to this problem is something that would have to be done in concert with government and the professions. I would not simply say that government needs to fix this.

The Chair (Mr. Kevin Daniel Flynn): Steven?

Mr. Steven Del Duca: Thanks very much, David, for being here today and for your presentation. I had a quick question.

Obviously you're here in part to advocate for the need for continued, and probably enhanced, investments in crucial infrastructure renewal. You mentioned in the course of your presentation the idea around the increasingly unpredictable, erratic weather patterns that we've seen here in parts of Ontario over the last year alone. Just out of curiosity, would you be able to elaborate a little bit

about how the government should consider, perhaps, re-shaping or retooling some of the infrastructure investments to deal with, like I said a second ago, increasingly unpredictable weather patterns?

Mr. David Zurawel: Thank you for the question. That actually is a very pertinent question.

I think the fundamental way to answer that, or even to address that issue, is that there needs to be a detailed, robust, comprehensive asset management plan in place in Ontario.

I know that, under Building Together, that is an element that is being constructed, and the municipalities are creating those asset plans. I think that when the province is able to see where the infrastructure exists and what condition it's in, that will trigger well-informed development which speaks to capacity so that we know how many people are using a system such as a sewer, a storm sewer, which speaks to water and waste water.

In the flood that we had over the course of the summer, part of the problem was that we've got so much density using existing infrastructure that it's just not able to handle surges under intense storms like that. We're looking at density that's taxing capacity on water and waste water systems so much that we've got municipalities that are seriously looking at levying different property taxes for people who have paved front yards, because of the runoff going into the street, which goes into the storm sewer, which creates the flood, rather than having healthy yards that can absorb the water and disperse that and keep it from going there in the first place.

We have to have a robust asset management plan system that can tell us who has the capacity to take on more density so that we know what systems are in place that can handle that—and if not, then direct the investment that's required to ensure that we have adequate capacity both in the present and moving forward.

Mr. Steven Del Duca: Great. In your second recommendation, you talk about the idea that long-term infrastructure commitments should be supported by dedicated revenue streams. I just want to clarify: Are you recommending new revenue streams that are dedicated for infrastructure or existing revenues that come in as part of what we already have in Ontario that would be then separately dedicated for infrastructure?

Interruption.

Mr. David Zurawel: Do I get to answer that?

The Chair (Mr. Kevin Daniel Flynn): That would have to be a very short answer.

Mr. David Zurawel: A quick answer?

The Chair (Mr. Kevin Daniel Flynn): Yes.

Mr. David Zurawel: Yes, to both. Bill 141 proposes the creation of a Trillium fund that the finance minister spoke to earlier this fall. Also, we have the issue of surtaxes on gasoline. The money needs to be spent on the projects that are allocated. We know that gasoline surtaxes are being used for things other than upkeep of transportation infrastructure assets. So if you have a dedicated fund, keep the funds flowing to the projects for which they were originally intended.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming, David.

Mr. David Zurawel: Thank you very much.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is Sid Ryan from the Ontario Federation of Labour. Sid, please come forward and make yourself comfortable. I'm sure I don't have to tell you the rules. You've been here many times before. You have 15 minutes, so use that any way you see fit. If there is any time left over for questions, it will come from the Conservative Party.

Mr. Sid Ryan: Thank you for having us here today. My name is Sid Ryan. I'm the president of the OFL, which represents 54 unions and over one million workers in Ontario. Joining me today is Brynne Sinclair-Waters, who is the OFL research director.

We have a real opportunity with this budget to make meaningful gains for the people of Ontario. In recent months, Premier Kathleen Wynne has acknowledged what we've been saying for many years: Austerity is not working. She said, "A misguided focus on austerity and short-term thinking will not help Ontario expand its economic prospects, create jobs...."

Last year, the OFL travelled across the province to find out what Ontarians would like to see in a people's budget. We heard that austerity was failing the people of Ontario, especially those who are most vulnerable, and that Ontarians want to live in a fair and equitable society. While last year's budget took some direction from the people's budget and responded to the NDP demands by investing in infrastructure, reforming social assistance, committing to youth employment and establishing a panel to advise on setting the minimum wage, it did not confidently break from the austerity approach. Devastating spending cuts continued, justified by overstated deficit projections.

In November's fall economic statement, your government made a positive commitment to put investment in jobs, growth and families ahead of short-term deficit reduction. Following on this commitment, the 2014 budget must put forward ideas and take bold action to set Ontario on a new path. It is time for the government to ensure an economic recovery for everyone by setting a people's agenda for Ontario, one that expands opportunities and reshapes the future of our province around fairness, equity and good jobs.

Ontario has still not recovered from the recession. Over 280,000 new jobs are needed today to return Ontario to 2008 employment levels. Unemployment has been consistently hovering between 7% and 8%, much higher than the 2008 unemployment rate of 6.5%.

1120

While employment numbers lag, austerity has also shifted the burden for driving economic growth in Ontario to working people. The 2013 budget predicted that household spending would drive over half of economic

growth in the next four years, indicating a dangerous overreliance on debt-fuelled consumer spending.

Today's challenging economic context demands a bold approach to setting the economy back on track, one that sees your government embrace its role as an important driver of the economy.

First, strategic and focused investments must be made in key sectors of the economy that foster innovation, promote sustainability and create good jobs. This includes the public sector, the manufacturing sectors and the green energy sector. But support for companies in Ontario must come with strings attached. Just a few years ago, your government sunk millions of taxpayers' dollars into the new Kellogg's plant in Belleville. Then in December, Kellogg's announced the closure of the larger plant in London. This raises the question, why didn't government support come with commitments to keep existing jobs in Ontario? Open-ended corporate subsidies do not make sense.

Ontario's aging infrastructure is also badly in need of repair, upkeep and expansion. The funding for infrastructure in last year's budget was a welcome first step. Our recommendation is that a fund be established that is dedicated to publicly financed and operated infrastructure. Ontarians will not tolerate another gas plant scandal, in which billions of taxpayers' dollars were lost because of the failure of public-private partnerships. History has shown that public operation and maintenance is the most efficient, cost-effective choice.

Government investments can go further to spur Ontario's economy if local procurement policies are adopted. Unfortunately, trade negotiations with the European Union have produced an agreement in principle that threatens provincial and municipal governments' ability to use public money to support local and sustainable economic development. All efforts must be made to oppose restrictions on local procurement in the CETA before it's too late.

Together, strategic support for innovative, sustainable and productive sectors of the economy, investment in infrastructure and local procurement policies will spur the economic recovery Ontarians have been waiting for.

To ensure that all Ontarians share in that recovery, your government must also take measures to make every job a good job. Unfortunately, the growth of low-wage and precarious work is pushing our province in the wrong direction. The number of people working for minimum wage has doubled in the last 10 years, to reach over half a million people, and 33% of workers in Ontario now have precarious jobs, without benefits or job security.

Across the board, people in Ontario believe that a job should lift working people out of poverty. A strong, year-long campaign to raise the minimum wage has carried a clear message to your government that the minimum wage should be raised to 10% above the poverty line, or \$14 an hour, and be indexed to the cost of living. The minimum wage advisory panel will be releasing their report soon. By taking immediate action to establish a fair wage floor, your government has an opportunity to make historic gains for working people in this province.

The growing reliance on migrant workers in the Ontario economy also demands stronger protections to ensure these workers do not face excessive recruitment fees, substandard housing, unsafe working conditions or unpaid wages. The proposal in Bill 146 to extend the Employment Protection for Foreign Nationals Act to all migrant workers would provide some protections, but its effectiveness would be limited because it relies on employee complaints rather than proactive enforcement. To ensure adequate protections for migrant workers, a comprehensive public registry and licensing system of all employers and recruiters must be established, similar to what is in place in Manitoba.

We all know that good jobs are at the heart of a healthy community and economy, but the Conservatives are still putting forward a cynical economic strategy that would drive down wages. For decades, union security arrangements have brought a high degree of stability to labour relations in Ontario by ensuring that all workers who benefit from a collective agreement contribute to the costs of maintaining that agreement through their union dues. The Conservatives have made dismantling these arrangements by importing anti-worker laws from the United States one of their top priorities.

Despite their claims, stripping workers of their collective rights will never create jobs. When Tim Hudak tells Ontarians that good wages are a barrier to good business, he's really telling families that they deserve to live on less while corporations scour the globe for greater profits. The provincial government must maintain a strong position against these proposals to avoid a race to the bottom that would force workers to compete with each other for lower wages and fewer benefits. This commitment to workers' rights must also be expanded by ensuring all workers in Ontario are free to organize collectively in a union without fear of employer reprisals or intimidation. Reforms to protect organizing rights, including successor rights in the contract sector, are included in Bill 129, which is currently before the House and must be passed as soon as possible.

This year's budget must also take steps towards eliminating poverty and expanding opportunities for all Ontarians. Austerity has resulted in massive real-dollar cuts and in the erosion of quality public services available in this province. Your government must reinvest in social assistance, education, health care, child care and other public services to ensure that every person in Ontario receives the care and the opportunities they deserve.

In particular, something must be done about the retirement crisis in this province. Over half of Ontarians do not have a workplace pension and 86,000 seniors are living below the poverty line. To ensure retirement security for all Ontarians, pooled registered retirement pension plans must be rejected. We do not need another expensive high-fee arrangement. Instead, the Canada Pension Plan reform must remain a top priority. If no progress is made, labour must be consulted on the best way to move forward with an Ontario pension plan.

The fairness we must strive to achieve in our society and economy also applies to how Ontarians contribute

financially to the overall well-being of this province. Years of tax cuts have disproportionately benefited the wealthiest citizens and corporations, while the promised economic benefits and jobs for the rest of Ontarians have not materialized. Replacing reckless tax cuts with progressive revenue generation is long overdue.

We recommend that your government restore the corporate tax rate to 14%. After all, Mike Harris could live with 14%, and we all know that he was no raving socialist. We also ask that you increase the tax rates for those earning over \$250,000 by 2%, which would generate collectively up to \$3.2 billion for funding public services and programs.

In conclusion, for far too long, workers in Ontario have been bearing the burden of an economic recession they did not create. Now the Conservatives are putting forward a plan to strip those workers of their collective rights while disguising it as a jobs plan. By rejecting this low-wage agenda and calling on corporations to become fair tax partners, the provincial government has a real opportunity to stimulate the economy and deliver the recovery that Ontarians have been waiting for. Your government must stick to the Premier's own words: that a departure from austerity is the only way forward. The growth of low-wage jobs must be met with swift action to raise the minimum wage and protect vulnerable workers, while the public services Ontarians rely on must be reinvigorated and strengthened. It is time for a budget that invests in people, communities and jobs to spur economic growth and expand opportunities for everyone.

We urge your government to do what's right for the economy and to deliver what's fair for the people of Ontario. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Sid, for your presentation.

Vic, you've got about three and a half minutes for questions.

Mr. Victor Fedeli: I'm not sure how we can speak of austerity when we're about to see an \$11.7-billion deficit here, but I can say that you and I do agree on our feelings about corporate welfare and we certainly agree on our feelings about the reprehensible gas plants scandal, having a government spend \$1.1 billion to save a few seats. So at least we know we can agree on that.

Let me ask you, I didn't see anything in here on the Liberal Party's philosophy of changing the amount of nuclear we depend on in Ontario from 56% down to 45% and the job losses that that would create. Would you care to use a couple of minutes to tell me about that?

Mr. Sid Ryan: Certainly, but before I go there, just to clarify in terms of—

Mr. Victor Fedeli: No, I want you to—

Mr. Sid Ryan: Yes, we'll get to that—in terms of corporate welfare, I'm assuming you mean you're also going to capture in the corporate welfare a reduction of corporate taxes from 14% down to 11.5% at a time when that was dead money, and it's not creating any jobs, as the federal finance minister and the governor of the Bank of Canada have recently indicated. I would hope you would include that in the corporate welfare.

Mr. Victor Fedeli: Well, in corporate welfare, I was referring to your comment about Kellogg's—

Mr. Sid Ryan: And of course we agree that that should come with strings attached.

Mr. Victor Fedeli:—and the fact that these companies are sitting on their money because, from what we've been able to determine, they just don't have any confidence in the government of Ontario. That's why we've lost 39,000 jobs last month, and 39,000 jobs the month before. There's no confidence in the government that's sitting today.

1130

Mr. Sid Ryan: Okay, so getting back to your question about nuclear power: I used to work in a nuclear power plant for 17 years, so I know a little bit about it, and of course we know that the primary source of the baseload is the nuclear power plants. We know that the economy—we're moving in a direction where we have to find sustainable sources of energy, including green energy.

So, from one perspective, I applaud the Liberal government for moving in the direction of a green energy strategy, which I know you folks want to kill—which is the complete opposite direction in which most folks in the rest of the world are actually travelling, but—

Mr. Victor Fedeli: You do realize that that energy that's created from wind is made at night, and we end up selling it to the States and Quebec at a loss?

Mr. Sid Ryan: Well, wind actually—

Mr. Victor Fedeli: I think the auditor told us recently—

Mr. Sid Ryan: To be honest with you—

Mr. Victor Fedeli:—it was a \$1.8-billion loss.

The Chair (Mr. Kevin Daniel Flynn): Let him complete his answer.

Mr. Sid Ryan: If I could, yes.

The Chair (Mr. Kevin Daniel Flynn): Vic, let him complete his answer.

Mr. Sid Ryan: To be honest, I think the wind blows 24 hours a day. It doesn't just blow at night, so I'm assuming that we generate electricity from wind and solar during the day as well.

Mr. Victor Fedeli: Well, yes. We have heard that it was almost three megawatts created the other morning, out of 1,700.

Mr. Sid Ryan: And we do know that it's a fairly new technology. We know that in the beginning stages of any new, innovative—

Mr. Victor Fedeli: Tell us about nuclear.

Mr. Sid Ryan: Can I answer questions without you interrupting? Is that okay?

We know that it's a new technology, and we know that it's expensive. All new technologies are expensive to get off the ground, so in the beginning phases there's no question about it: It's going to be very expensive. But I hope you don't disagree that it's the way we ought to be moving, particularly when you see what we just came through in terms of the ice storms, the floods and you name it in the last number of years.

Hopefully your party will begin to understand that moving towards green energy is the way for Canada and the rest of the world.

Mr. Victor Fedeli: Well, I'm sorry we didn't get to your answer on nuclear. That would have been interesting to hear.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for being here.

Mr. Sid Ryan: Okay. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thank you for your presentation. Thank you.

ONTARIO ENGLISH CATHOLIC TEACHERS ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is another Ryan. James, welcome.

Mr. James Ryan: Thank you.

The Chair (Mr. Kevin Daniel Flynn): From the Ontario English Catholic Teachers Association. Make yourself comfortable. Fifteen minutes, like everybody else. If there is any time left over at the end of your presentation, it will go to the NDP this morning.

Mr. James Ryan: Okay.

The Chair (Mr. Kevin Daniel Flynn): And introduce yourselves for Hansard, so we know which one of you is speaking.

Mr. James Ryan: Okay. Thank you, Mr. Flynn. My name is James Ryan. I'm president of the Ontario English Catholic Teachers Association. Seated to my immediate right is David Church, who is the deputy general secretary of the Ontario English Catholic Teachers Association.

First of all, I'd like to thank the committee for the opportunity to speak today on a number of issues of importance. We represent over 45,000 women and men who teach in Ontario's publicly funded Catholic schools, from junior kindergarten right up to grade 12—I should state: English-language Catholic schools.

It is the continued government funding of the Catholic education system that I want to address with you first. For over 170 years, we have been providing students with a holistic education that makes our schools unique. It means that we go beyond the basics in terms of academic excellence, in that we develop students' character, morality and sense of common good.

There is the excellence of the educational system; it is part of an excellent overall educational system, and I would say that about all four systems of publicly funded education. Our schools consistently show results in terms of how well students do.

Catholic schools are also extremely high in terms of parental support and community support. We have over 648,000 students in publicly funded Catholic education, English and French, across the province, and our community, which is made up of four million Catholics in this province, is extremely pleased with the Catholic educational system.

Many non-Catholic parents also choose to send their students to Catholic secondary schools because of the excellent education that they provide. It's not uncommon, especially in the urban areas of Ontario, such as the greater Toronto-Hamilton area and the Ottawa area, for 40% of Catholic secondary schools to consist of non-Catholic students.

Families make the choice of sending their children to our system because of the outstanding education it provides and the sense of communities. I know that as MPPs from all three parties you stood firm in your support of Catholic education, and I'd like to thank each and every one of you for that. Certainly, Ontario's four million Catholics are very grateful for the stand that you've taken in support of publicly funded Catholic education, which is, of course, protected by the Constitution.

There are many reasons why this issue has garnered attention recently. There's the austerity agenda. There is anger with the Ontario English Catholic Teachers Association, for instance, for signing a memorandum of understanding last year in a very difficult round of negotiations. There is traditional anti-Catholic sentiment and, in many ways, the increasing demands of the secular community.

Usually opponents cite cost savings of between \$500 million and \$2 billion. There is, however, no evidence behind any of these figures and no one has ever been able to produce a shred of evidence as to savings. In fact, we believe it's quite the contrary. Moving in any direction towards amalgamation would lead to significant costs for the province. Education funding is on a per-pupil basis, so there can't be any real savings.

The Catholic system, of course, has a long history of working often with less. Creating fewer larger boards would most definitely result in additional costs. Bigger isn't always better and we've seen this, particularly in the cases of certain school boards in the province, and I point to Ottawa, Toronto Catholic and public, and Dufferin-Peel, where there have been significant problems with administrative inefficiencies in all of those boards.

This week, we read about a report conducted by Dr. Timothy Cobban at the University of Western Ontario that confirmed what many of us already knew about amalgamation during the 1990s: It did not save money and it never does. The size of municipal governments grew, the number of employees grew, especially at the administrative levels where salaries are highest. Those of us in the education sector witnessed the same things in school boards. The minor savings that would be achieved through the elimination of a Catholic school system is hardly warranted. The Ontario educational system works. It is one of the best educational systems on the planet and it works because of all four elements of the system: English Catholic, French Catholic, English secular and French secular.

Many folks speak about Quebec and Newfoundland having changed their systems. The context is entirely different. In Quebec, Protestants were the minority rights holders in that province. When the Quebec educational

system moved to English and French as the basis of its system, the Protestant community, which was the minority rights holder under the Constitution, gave its full consent to that conversion because they believed that their rights as anglophones were most important in that equation. In Newfoundland, of course, there were no rights holders. There were four separate, distinct religious educational systems with more boards in Newfoundland than there were in British Columbia. It was simply a matter of economics and the economics did make sense in Newfoundland, and in two separate referendums it achieved the consent of all of the communities.

It's more important that we not look at the systems— as one of our sister affiliates, I know, has met with all of you and talked about radical change to Ontario. Instead, I think we need to look at our system and how do we make our educational system better. That means we continue with our existing framework, which, as I said, is one of the best educational systems in the world that has been built by all three of Ontario's political parties over a century.

1140

The previous administration a year ago took a very hard line on deficit reduction. It's true that reducing the deficit is important to restoring Ontario's economic stability, but not at all costs. We need a fair and balanced approach to this. It is not the best route forward to slash public services and lay off public sector workers. This will only lead to greater social inequality and higher long-term costs.

In terms of unions, unions help to foster a productive economy and a fair society. In the words of Pope Francis, "Trade unions have been an essential force for social change, without which a semblance of a decent and humane society is impossible."

Although some claim that freezing public sector wages and cuts to public sector jobs will solve the province's economic challenges, the Ontario deficit was not the result of spending on public programs. The Minister of Finance stated in the fall economic statement, "Ontario has the lowest per-capita program spending in Canada." Nor are public sector employees out of line with private sector comparators. Studies show that male public sector workers actually lag behind their private sector counterparts while female public sector workers are only marginally ahead.

In 2012, few would argue that amongst the public sector workers, teachers and other unionized educational workers bore the brunt of paying off the deficit with the two-year wage freeze, with unpaid leave days, with new teachers having their grid frozen. These changes to the provisions and to their collective agreements resulted in a \$1.2-billion savings to the treasury. Recent reports have revealed that during the same period, school board administrators, on the other hand, received increases that defied the legislative wage freeze. Given the sacrifices already made and the true nature of Ontario's fiscal deficit, teachers and other educational workers have done more than their fair share to solve the deficit. OECTA

has recommended in the 2014 budget an investment in education to address cost increases, including the area of compensation for teachers and education workers.

An important aspect of a balanced approach to deficit reduction is to look beyond spending cuts and consider the revenue side of the equation. Progressive taxation is an important part of this. Despite cuts to corporate tax rates since the 1990s, businesses have actually decreased their investment in both equipment and machinery. The former governor of the Bank of Canada—

Interjection.

Mr. James Ryan: Four minutes?

The now-governor of the Bank of England talks about the dead money. Corporate tax cuts have also led to a structural problem in terms of revenue. So we need to examine these rates.

We also need to look at the top-down nature of student achievement through EQAO. There are better ways of doing this. If we look at Finland in terms of their educational attainment, they do not spend the amount of money that we spend on constant testing.

Child care is really important to the future of our educational system. We need to make sure that's provided. We also need a poverty reduction strategy, including a higher minimum wage, that will support students going to school.

Mr. Chair, I will cut it there, and I'm free to take questions.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you very much, James. Thanks, David. Jonah? You've got about three minutes.

Mr. Jonah Schein: Okay. Thanks for your presentation. I noticed in your notes here you have a little bit about community hubs, and I'm curious to know more about that and other ways that we can use school facilities better and make sure that they're more accessible and get a maximum use out of them.

Mr. James Ryan: Thanks for the question. I think community hubs are critical. Schools need to be an integral part of their community. I've seen excellent examples in Ontario—one in Toronto, in fact—and elsewhere in Canada, in places like Saskatoon, where you have one building with the Catholic high school on one side, the secular high school on the other and a community centre and a library in the middle. The athletic facilities, for instance, of both high schools are open to the community centre at night so that you utilize schools better.

Especially in terms of future building costs, we shouldn't just look at schools, but we need to look at all of the community's needs, and that means integrating the needs of the municipalities, the parks and the library services with the educational services and using those as focal points for the community.

Mr. David Church: There are significant investments government makes into programs and child and family services in many communities, both through direct funding and through subsidies. In a lot of these cases, these services are provided in office buildings, and there's

always a call about unoccupied classroom spaces and things like that. I think there is room for incorporating some of these very relevant services into unoccupied classrooms in school space, which would offer integrated approaches to child and family services across the province.

Mr. Jonah Schein: Would you be open to working with the public school system, to share some of those facilities? If you're building a new Catholic school, to have the gym facilities open to public school—

Mr. James Ryan: Certainly, as OEETA, we've always been supportive of that. There are many things in our communities that public schools and Catholic schools already share. I've been in many schools in northern Ontario where the French Catholic and the English Catholic schools share the same building, the same secretaries, the same library, the same gyms. So I think that's a reasonable approach to take.

Mr. Jonah Schein: Okay—

The Chair (Mr. Kevin Daniel Flynn): I'm afraid that's going to be it, Jonah. You're probably not going to get through the question.

Thank you very much for coming today.

Mr. James Ryan: Thank you.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is someone who has spent a lot of time around this building. I'm surprised you want to be back here again.

Mr. Victor Fedeli: I thought we were done.

Mr. Harvey Cooper: You're never done with us.

The Chair (Mr. Kevin Daniel Flynn): It's the Co-operative Housing Federation of Canada. I call on Harvey. Welcome. You have 15 minutes; use that any way you see fit. If there's any time left over at the end, it will go to the government side. The floor is all yours.

Ms. Nicole Waldron: Thank you. As you know, we are from the Co-operative Housing Federation of Canada. I am Nicole Waldron, the president, and with me is Harvey Cooper, our manager of government relations, whom you all know very well.

We represent 555 non-profit housing co-operatives, home to some 125,000 people. This morning, we're very pleased to present to you, providing our suggestions for the 2014 Ontario budget. Harvey will be answering questions at the end of my presentation.

Ontario is facing a growing shortage of affordable housing, as attested to by the some 156,000 households on the municipal waiting lists. The Canada-Ontario Affordable Housing Program and now its successor, the Investment in Affordable Housing, have added about 1,500 units annually since their inception about a decade ago. While this is an important contribution by senior levels of government, the levels of investment are quite modest when compared to the affordable housing supply pro-

grams in existence from the end of World War II until the mid-1900s.

The lack of affordable housing for key workers in many sectors is threatening the province's economic competitiveness. Investment in affordable housing would play a critical role in addressing this problem, and it would create valuable, long-term public assets. What's more, construction and renovation of affordable housing would provide significant and immediate economic stimulus, creating good jobs, often using local-supplied materials and producing a major economic multiplier effect.

Recognizing that we are in a period of fiscal restraint and economic uncertainty and that the province is committed to balancing the budget by 2017-18, we want to suggest five low-cost or even no-cost initiatives that the government should take and all parties should support to create new affordable housing and ensure that the existing stock operates efficiently and is preserved as a long-term public asset.

(1) Replace expiring federal housing assistance for low-income households. Today, nearly 200,000 vulnerable Canadian households, almost half living in Ontario, depend on federal rent-g geared-to-income housing assistance to pay their rent. Of these households at risk, just over 7,000 live in federally funded housing co-ops in Ontario.

Federal assistance is delivered through operating agreements with co-ops and other housing providers developed under federal housing programs in the 1970s and 1980s. When these agreements end, so does the RGI subsidy. There is no commitment from the federal government to extend RGI assistance. Some of these agreements have already expired, and we are quickly approaching 2020, at which point a large majority of the contracts will have ended.

1150

This is a critical issue for federal co-ops. Vulnerable households have few other affordable housing options, and they will not be able to afford to stay in their co-op homes without assistance. This, my friends, could become a homelessness issue, and that needs to be addressed.

Co-ops across the country have been actively asking governments to fix the co-op housing crunch. The federal government has been largely silent on this issue. There are billions of federal dollars that will become available over the next quarter century as these operating agreements expire.

The Ontario government has a clear interest in ensuring that existing affordable housing continues to be available. Together with other provinces, Ontario should negotiate with Ottawa for the reinvestment of expiring federal assistance in a long-term cost-shared plan for affordable housing that includes rent supplement funding.

A key part of the solution is to ensure that a portion of the funding is earmarked for long-term RGI assistance for federal housing co-ops and non-profits with expiring operating agreements, and, by extension, the households

who live in these communities and who depend on this assistance.

(2) Enact inclusionary zoning legislation. The province, under its planning authority, can mandate a municipal zoning approval process that requires developers to make a percentage of housing units in new developments available at below-market rents. In return, the developer would receive a density bonus, allowing more units than would ordinarily be permitted under zoning restrictions. The below-market housing created would be affordable to many low- and modest-income households who cannot afford the steep rents charged in many recent condominium developments.

While inclusionary housing policies are set by local governments, it is up to the province to ensure that these municipal measures can be enforced and are not subject to endless challenges at the Ontario Municipal Board. A straightforward provincial statute to give municipalities the authority to establish inclusionary zoning practices would accomplish this goal. The government should give serious consideration to enacting such legislation. Inclusionary zoning has proven an effective tool in the United States, where it has been used in a number of states and municipalities.

(3) Make government lands and surplus school properties available for affordable housing. Ontario should follow through on earlier commitments to facilitate the development of affordable housing on surplus provincial lands. A major part of the capital costs for affordable housing would be removed if the land were available without charge. This would reduce the capital grant required from government and bring down the required economic rents. It would also lower the subsidy required to bridge the gap between economic rent and a rent-g geared-to-income rent level. The province should follow through on this long-delayed initiative that would help create many more affordable homes without incurring significant government expenditures.

To ensure maximum accountability for public investment and long-lasting affordability, priority for provincial lands should be given to co-operative and other non-profit housing organizations.

Another step the government should take to increase the supply of affordable housing is to amend regulation 444/98 to the Education Act regarding the disposal, selling or leasing of public school board lands to add co-operative and non-profit housing to the list of priority uses for the surplus sites.

(4) Preserve the existing affordable housing stock. The long-term viability of much of Ontario's social housing stock is at risk, as economist Don Drummond noted in his 2012 report on the reform of Ontario's public service. This is of serious concern.

Co-op and non-profit housing providers need access to new mortgage financing to pay for capital repairs to their aging building stock. One significant step Ontario could take, with little cost to the provincial treasury, would be to expedite a program through Infrastructure Ontario to allow providers to leverage the equity in their housing to

borrow the money they need at reduced IO rates and extend their mortgages so that their debt-servicing costs do not increase.

Last but not least:

(5) Build more co-op housing. For many years, CHF Canada has raised concerns with the province about the barriers to the development of co-ops and other community-based non-profits under the federal-provincial AHP and IAH programs. Historically, almost a quarter of social housing developed in Ontario was co-op housing. Under the recent programs, that share has dropped to less than 4%. We don't believe that this is the policy intent of the Ontario government. In the recent debates on Bill 14, MPPs from all three parties spoke about the benefits of the co-op housing model—that it's cost-effective and builds healthy communities—and said that the government needs to find ways to facilitate the development of more co-ops.

We urge the government to examine the barriers that have blocked the development of housing co-ops under recent supply programs and take steps to address them. Another measure that we recommended previously to achieve more co-op housing development would be for the government to set aside a certain number of units specifically for the development of co-ops. The province used this type of approach when they set up a reserve stream for development of affordable housing on brown-field sites a few years ago. Municipalities should still be responsible for selecting suitable projects for development and later would be responsible for administration, but the reserve pools of units could only be used to build housing co-ops.

The co-op housing sector is anxious to work with MPPs of all parties to follow through on these practical suggestions and to partner with government to find other creative ways to ensure that every Ontarian has a decent, affordable place to call home. Housing is not a privilege; it's a right.

I want to thank the committee members for the opportunity to address you this morning. As mentioned, Harvey will be pleased to take your questions.

The Chair (Mr. Kevin Daniel Flynn): I like that ending. Okay, it comes from the government side this time, and it's going to be who? Donna?

Mrs. Donna H. Cansfield: Thank you very much for your presentation. It's always so nice to see you, Harvey.

Mr. Harvey Cooper: It's a pleasure to be here.

Mrs. Donna H. Cansfield: I feel like we've spent a lot of time together over the years.

Interjection.

Mrs. Donna H. Cansfield: Anyways, you've done just an astounding job, and I wanted to be able to say publicly thank you for your extraordinary hard work and support.

Mr. Harvey Cooper: It's a collective effort from the co-op sector. I want to thank all the MPPs, from all three parties, that unanimously supported our bill. Thanks.

Mrs. Donna H. Cansfield: One of the things that I was able to do was to actually go to a co-op and have the

experience and listen to and speak with the individuals who were involved. Probably, that was sort of an epiphany for me around the whole co-op experience and how important the co-ops are in the grand scheme of things, and how we need to be able to encourage and support that particular sector.

I just wanted to say that, again, I encourage my colleagues to take that same opportunity. It helps to put things into perspective and it enables us in a way to be able to continue to support the work that you're doing.

I wanted to again say thank you for recognizing that like all things, it starts in an incremental way. We have to build on this and make sure that we're doing it right. We reinvest when we are, and again you've recognized that—because not everybody does. Usually, everybody just comes and says, "We want a lot of money," end of discussion; you're not. I think that's the credit to your organization that says, "Look, we're prepared to look at this to make sure that it's financially sustainable and also that we're doing the right things." I just want to say thank you for that.

Mr. Harvey Cooper: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Are there any other questions from the government side?

Mr. Harvey Cooper: Maybe I could have a couple of minutes—

The Chair (Mr. Kevin Daniel Flynn): You do.

Mr. Harvey Cooper: —because Donna did, I think, give a testimonial, as many MPPs have done, around co-operative housing. I know pretty well all the MPPs around the table on this committee have co-ops in their riding. Many of you have visited them many times. In terms of new development, as we mentioned in our submission, we think there are some small things the province could do to level the playing field, and that's all we're looking for. Just the way the current programs work, there are often equity requirements from the proponents, which often knock out small-scale, community-based groups like co-ops and non-profits. These organizations—we don't have land at our disposal, so that was one of the suggestions we've made, and that's certainly a very significant component of any new housing that is put up.

If you're looking at—we also mentioned it in our brief and I noticed there was some discussion with the previous presenters around perhaps school sites that are surplus or the school board is working with a developer to put up a residential component. Maybe that's where we work in a co-operative. So I think there are opportunities there if we're creative and if there's political will because we think it's a housing model that works, not only in terms of affordability but building community. You're all in public life; you see it day in, day out.

1200

We invite you to visit any one of the co-operatives in your ridings. I think you'll attest to the fact that these are just as active communities as the provincial Legislature. People are passionate about their homes. They have opinions also on how their homes should be run, and I

think that's a public good. It's not only a roof over their head; they take part in the governance and the running and the management of their housing, and I think we're all the better for it.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much, Harvey.

Thank you, Nicole. Thanks for coming today.

Ms. Nicole Waldron: Thank you so much for having us. Have a great evening.

TORONTO MENTAL HEALTH
AND ADDICTIONS
SUPPORTIVE HOUSING NETWORK

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this morning is Noel Simpson, the executive director of the Toronto Mental Health and Addictions Supportive Housing Network. Noel, have a seat.

Mr. Noel Simpson: I'm accompanied by Jean Stevenson, who is another executive director.

The Chair (Mr. Kevin Daniel Flynn): Wonderful.

Mr. Noel Simpson: Actually, I'm not the ED of the network. It doesn't actually have one. I'm the executive director of Regeneration Community Services, which is a charitable non-profit that provides supportive housing and case management services in Toronto, as does Jean's organization, Madison. But the network is 29 similar organizations that come together to share their experiences and, at this point, advocate for supportive housing.

The Chair (Mr. Kevin Daniel Flynn): Thank you for coming. All members of all parties thought it was important that we hear from you today.

Mr. Noel Simpson: Yes. We're very appreciative of being invited to come.

The Chair (Mr. Kevin Daniel Flynn): You've got 15 minutes, like everybody else. Any time that's left over, that questioning will go to the Conservative Party. It's all yours.

Mr. Noel Simpson: Okay. We are here to discuss the future of supportive housing in the province of Ontario—although we're from Toronto, we recognize that supportive housing is an issue right across the entire province—and the true benefit to someone of having a home.

Without a home, one cannot pursue health, employment and the enjoyment of life. You may be aware of the Dream Team—I know the Dream Team has spoken to many MPPs—and their advocacy for more supportive housing. One of the most powerful moments in their presentation was when Linda Chamberlain, upon the realization that the apartment she was viewing was hers, exclaimed, "I have a home." I think that's really important to recognize that that goes on quite often, but not often enough.

We have a diverse and successful system of supportive housing in this province. It succeeds by recognizing the need and providing safe, secure affordable housing with appropriate supports to allow the individual with mental health or addiction issues the opportunity to pursue health, employment and the enjoyment of life.

The statistics on successful tenancies and low recidivism rates bear this out. Yet in Toronto, the wait-list for supportive housing is at a staggering 8,000 individuals. This is a real wait-list not susceptible to skeptical speculation that it represents a few people with names on many wait-lists. As an aside, when we created this list, there were over 3,000 people on separate lists, and, after amalgamating them, only 37 duplicates appeared.

I can safely state that the need is as great in all of Ontario. In the 1980s and 1990s, purpose-built housing was in vogue, and many successful supportive housing projects were put in place that continue to provide that so important home with health and housing supports as part of the housing.

There is a need for this type of housing again, as it is difficult to provide high-support housing in anything but a purpose-built site. Also, in smaller communities in Ontario, there is very little availability of rental housing, so rent supplements become a bit onerous for an agency in those areas because they have difficulty finding the housing to rent.

More recently, there's been a commitment to rent supplements and case management supports that allowed for independent living and quicker realization of the goal, although not having the supports available directly within the housing can sometimes reduce the effectiveness.

In reality, both systems have a place in Ontario. The recent focus on alternate level of care in mental health and addictions has pointed up the need for 24-hour high-support housing. In Toronto, there are approximately 300 units of this type of housing. Yet, on this amalgamated wait-list, there are 565 individuals on the list waiting for that housing, and another 150 so designated waiting in hospital.

In Toronto, a recent study and projection of the need for 24-hour high-support housing pointed out that 170 new units are needed now, and 50 units per year for the next 10 years would meet the need. By the nature of programming in high support, the requirements are such that it is almost impossible to create an appropriate setting without it being purpose-built, although a recent 40-unit project was developed by a private landlord to specifications for a good high-support site. It has an annual operating budget of \$1.28 million, and I've broken it down with the various areas of funding. But it's important that that landlord was able to do this with the commitment that if they got the rent supplements, or the rents that would help carry the building, they were prepared to create this site.

The cost of this site is \$88 a day, whereas for an individual in a psychiatric hospital, it can be anywhere between \$600 to \$800 a day. I think that's an important statistic, because the individuals in the high-support housing have left hospital to go into this type of housing.

Interestingly enough, of the 40 units, in the last two years, 45 individuals have lived in the housing; three, unfortunately, had to return to hospital; and two have moved on to a lower-support type of housing.

In your presentation, there is an alternate plan of lesser support. The funding for rent supplements is essential to

match the commitment to support for the population most in need. The Toronto Central LHIN will be allocating up to \$3.5 million to house and support complex clients with mental illness, but there is no funding for additional rent supplements, yet most of this group is homeless and needs housing first before the recovery process can begin. This is the disconnect, or the Catch-22, in our system: that we don't have, as often as we would like, the coordination between the support dollars and the housing dollars. Recently, the TC LHIN put out a proposal call to fund the support component of high-support housing. Again, there was no corresponding funding for the housing.

In short, there's not one solution to the supportive housing crisis but many, and we have the benefit of having successful examples of all the possible solutions right here in Ontario, and we created those here in Ontario.

We need funding for more supportive housing. We need to take these examples and create an extensive 10-year plan to fund sufficient supportive housing that would include funding to build appropriate 24-hour high-support housing, expanded funding for rent supplements, funding for purpose-built housing where rent supplements are not applicable and creative solutions to finance the repurposing of existing stock of affordable housing to enhance the system capacity.

I'm reminded of a statement—this happened to me many years ago, when I worked at the Queen Street Mental Health Centre—by the head psychiatrist, stating that psychiatry is the only profession in the world—and he was talking about medication at the time—that if you apply something and it doesn't work, the only answer is to apply more of it. I'm not sure it's so true now, but I think it might very well be.

I think the obverse of this is, in Ontario; we have a very successful system. We have created supportive housing that is working to the benefit of many Ontarians, but we need much, much more of it.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for your presentation. Doug or Rod? You've got about seven minutes.

Mr. Douglas C. Holyday: Seven minutes?

The Chair (Mr. Kevin Daniel Flynn): Yes.

Mr. Douglas C. Holyday: I'm just wondering, what funds would you require annually to support this?

Mr. Noel Simpson: There was a second document which I didn't speak to: Briefing Note on Housing First and the Need for Rent Supplement Funding. That was created by Steve Lurie of the Canadian Mental Health Association but represents the issue. It mostly talks toward rent-supplement housing. Six items down, he talks in terms of \$25 million. That would be annualized over, I think, a three-year period.

In terms of the high-support housing, I did some quick figuring. If we were to fund the 170 units that are needed now, that would be approximately \$32.5 million, both for the supports and the housing. Then if we were to continue doing the 50 units a year, that would be at approximately \$12.5 million per year to increase.

High-support housing is expensive. I think the important thing is that what it does is move people out of the hospital and it stops them from going back to the hospital. So, at some point in time, you would see that the numbers or the ability of a hospital may be reduced, such that it may not always need to be new money but may very well be able to repurpose or shift monies.

1210

Mr. Douglas C. Holyday: I guess the figure that I was wanting was the capital cost to build the housing. How much would that be?

Mr. Noel Simpson: That varies. In Toronto, now, we're talking over \$150,000 a unit—probably closer to \$200,000 for a unit.

Mr. Douglas C. Holyday: I'm figuring out here how many units you need.

Mr. Noel Simpson: I used to be good at mental math—\$200,000 a unit times 170 units—is that \$34 million or \$340 million? That's building it. That's investing in a capital way—you asked the capital question. We have that now. There are many housing projects that were capially funded and now exist. We have one, ourselves, at Regeneration. We get absolutely no money from the ministry at all to manage that housing, save for a small capital allowance.

What we've also managed to do is use rent supplements and partner with a private landlord, so that the private landlord can make the project work by having rent payable to him or her at reasonable market rates—\$800 to \$900 a month. The rent supplement covers that cost. The private landlord bears the brunt of investing the capital.

They often make use of federal funding, RRAP funding, so that because they are committing to maintain lower rents and to support individuals who need disability, they can get added funding federally that actually lowers the capital equation for them.

Mr. Douglas C. Holyday: So you wouldn't be after the government to provide capital funding for these?

Mr. Noel Simpson: Yes, we would, but not all of it. I think the important thing here is that we need a plan to do this in a measured way. In other words, if you have someone in Timmins or Hearst or Geraldton, applying rent supplements in that area may not be the most productive way of getting people into housing. You may very well want to use capital to create the supportive housing. In Toronto, I think we need both. The problem in Toronto is that finding a building that could adapt to that kind of housing is difficult. You can find small apartment buildings, but then you have construction costs to add on common space and put in a kitchen so that you can provide food. It would make life much easier if it were done capially, but there are ways that we can accommodate to do it another way.

Mr. Douglas C. Holyday: I've talked to people at the city of Toronto about this very matter, and I know that there's certainly a large benefit to being able to help people make an adjustment to live on their own, or at least live in a way that, if they're supported, they can stay

out of institutions and so on, and I appreciate that. I'm just trying to find out the dollar amounts that you're asking the province of Ontario to put forward for this thing, both in capital and—on an annual basis, I guess—the operating costs. Do you have any figures?

Mr. Noel Simpson: I have some here. I could pull them into a form that I could get to you by tomorrow.

Mr. Douglas C. Holyday: Thank you.

The Chair (Mr. Kevin Daniel Flynn): You always have the opportunity to provide a written submission or any further information—maybe the information that Doug is asking for.

Mr. Douglas C. Holyday: I think it may help your situation if the government knew what money it is you're after.

Ms. Jean Stevenson: If I may, the Toronto Supportive Housing Network is literally just beginning the process of identifying the specific needs, or the asks, so I think there will be much more specific information that will come out of that process. We'll be specific pretty soon.

Mr. Douglas C. Holyday: Okay.

Mr. Noel Simpson: If I were to say to you that we need \$52 million in fiscal 2014-15 and then \$30 million each year after that, I would think that you would also probably like a fairly distinct breakdown of where that money would go. We would actually map out the process by which that money would be spent.

Mr. Douglas C. Holyday: Thank you very much. I'll turn it over, then.

The Chair (Mr. Kevin Daniel Flynn): You've got about 30 seconds.

Mr. Rod Jackson: Quickly, I guess a quick question might be, do you have any of your budget set aside for youth-oriented housing, for youth dealing with addictions and mental health?

Mr. Noel Simpson: The Supportive Housing Network was funded for adults, so people aged 16 to 64, although many people have aged in housing now. I think Comsoc or community and social services funds for youth, and some of our partners—LOFT, for example, has youth funding within the network of the Toronto group.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for joining us today. We're glad you did.

Mr. Noel Simpson: Thank you.

The Chair (Mr. Kevin Daniel Flynn): We're going to recess until 1 o'clock.

The committee recessed from 1215 to 1300.

ONTARIO HEALTH COALITION

The Chair (Mr. Kevin Daniel Flynn): Let's call to order.

Our first presenter of the afternoon is Natalie from the Ontario Health Coalition. Natalie, come forward. You're no stranger to this room. Make yourself comfortable. Everybody is getting 15 minutes; use that any way you see fit. If there's any time left over, the questioning will go to the NDP. The floor is all yours.

Ms. Natalie Mehra: Well, thank you very much. I wanted to first express our appreciation from the Ontario Health Coalition that the pre-budget process, with the hearings and notice for the hearings, has been reinstated this year. We appreciate the opportunity to present before the committee.

My name is Natalie Mehra; I'm the executive director of the Ontario Health Coalition. Our mandate is to protect single-tier public medicare under the principles of the Canada Health Act in Ontario. I'm here with my colleague Kim Johnston, who is our campaign director.

I wanted to focus most of our comments today on the key new proposal that we have heard about from the provincial government. The government is planning to—actually has brought in regulations to dismantle hospital services and hive off their services to private clinics. So the LHINs, the local health integration networks, will be able to contract private clinics to do hospital clinical services, and Cancer Care Ontario will also be able to contract private clinics to do hospital clinical services.

We're extremely concerned about this proposal. For the purposes of this committee, I'll focus on the budget, the financial implications of this proposal, but in addition to the financial implications, there are lots of implications regarding quality of care, access to care, equity and other issues.

Internationally, the experience with these types of high-volume specialty clinics is that they don't actually cost less; they cost more. Former British health minister Frank Dobson reports that the independent sector treatment centres, the same model of private clinic which had been opened in Britain, cost 11% more. Various studies from the British Medical Association journal—and in fact, there's total consensus of opinion; nobody disputes this—claimed the clinics take lighter, easier patients, healthy, wealthier patients, leaving the heavier-care patients behind in local hospitals. So just as public hospitals would be losing resources, both human and financial, to the private clinics, at the same time, the private clinics leave behind the heaviest-care patients.

But we don't need to look even as far as Britain to find the evidence that there is a real problem with this proposal. Ontario is planning to expand the private clinics under the Independent Health Facilities Act. This act covers about 1,000 private clinics in Ontario, 98% of which are for-profit. Yet the Auditor General's report in 2012 shows that there have been very, very significant problems with the oversight of these clinics under this act.

Just to highlight a few of the key findings of Ontario's Auditor General with regard to these clinics, he said the problems that have been identified for more than a decade have not been addressed. There has been no recent audit work done by the Ministry of Health on the clinics. There is no oversight of professional fees charged by physicians in these clinics. The ministry, although it did an assessment of questionable billing practices, has taken no action whatsoever on the one in four independent health facilities that show questionable billing

practices, yet the ministry's own figures show that 20% of the tests being ordered by these clinics are likely inappropriate. That means they are over-testing, from which they profit. It means that the physicians in these clinics have no controls over how many services they are billing for. And oversight of the facilities in terms of inspections, even for basic things like radiation leaks that would impact patient safety, has not been done in the majority of the clinics.

But of key importance to this committee is the lack of oversight over the billing practices of physicians in these clinics. To expand the independent health facilities sector in Ontario is to expand a licence to print money for physicians who are operating private practices for their own profit. There is no control over self-referral for physicians in these clinics, so an ophthalmologist can say to a patient, "Look, the wait-lists are too long in the public system for cataracts. You can come to my clinic and I'll give it to you next week." That happens often. But they sell to them medically unnecessary services commingled in, so the patient is charged up to \$1,200 to have their cataracts done, because the physician has recommended to the patient to bundle in a medically unnecessary procedure, something that a patient wouldn't know how to question. And the physician has referred the patient to their own clinic, telling them that the wait lines are too long in the public system, something that patients wouldn't know how to gauge the truthfulness of, or not. This is not an appropriate way of delivering health care.

The Public Hospitals Act provides for governance, quality protections, all kinds of provisions for quality assurance. Public hospitals do not charge extra user fees or violate the Canada Health Act in the way that the private clinics do in Ontario, and the physicians in public hospitals don't have the same kind of free licence to bill endlessly, because, of course, they have to triage their patients and share operating room time. So not only will this proposal cost more, but it also threatens to devastate local access to hospital services, particularly in small and rural communities. It's a bad policy and we're strongly encouraging the government to revisit it.

The second key issue for us is that for seven years now, hospital funding has not kept pace with the rate of inflation. Last year in the budget, hospital funding was frozen. This has resulted in really very dramatic cuts to needed services all across Ontario. This year alone, thousands of endoscopies, colonoscopies and cataract services have been cut from local hospitals; rehabilitation services have been cut from local hospitals. These are not being replaced in home care or community care. Any such claim is a misnomer. Those services are not equivalent, and many of them can't be provided in home care at all. They are simply being cut from the public system and they are being privatized. In Ottawa, for example, with the endoscopies that were cut from the Ottawa Hospital, it was revealed in the Ottawa Citizen that patients are now being charged \$80 apiece to access those services, in violation of the Canada Health Act, in private clinics.

1310

But of particular concern to us are the small and rural hospitals. Wallaceburg's hospital has just received news of another whack of cuts, which really brings that hospital down to basically an emergency room and a handful of beds. The laboratory has been closed; nurses are doing point-of-care testing. The future viability of that hospital is very, very much at risk.

Picton's hospital has also been cut down to a pale shadow of what it was. This beautiful community in which there are more than enough physicians to staff the hospital continues to see very, very serious cuts to services. Leamington's hospital has seen very serious cuts to services.

Despite the minister's rhetoric and despite repeated budget announcements in the last two budgets of \$20 million in order to protect small and rural hospitals, we can find no evidence that any of that money has gone to stave off any cuts in the small and rural hospitals or to protect services. In fact, what we found is that it took more than a year for the first set of money to flow, and what did flow was only part of it—that at least has been publicly announced. Most of that went to community care, not to actually protecting small and rural hospital services.

Finally, despite the rhetoric, the truth is that the experience of Ontario patients now is that we have the fewest hospital beds of any province in the country per capita, by far. We actually have the fewest hospital beds of any industrialized nation in the world at this point, yet we are continuing to cut beds and services. Ontario's hospitals are now the most overcrowded that I could find of any jurisdiction. This approach to budgeting hospitals, the zero approach, the approach that sets funding at less than the rate of inflation to force cuts, must be abandoned. Hospital funding must be improved and stabilized.

The idea that these services are being moved to home care simply is not true. Home care really does need to be reformed in order to ensure that the money that is going to home care—and we do applaud the increases that have gone to home care, that actually make it to home care to improve services in the home.

I'll just leave it there. There's more in our submission, particularly around recommendations to stop the privatized P3 hospitals, but that's being covered by our local coalitions in particular communities that are affected.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you very much, Natalie. You've left about four minutes. Jonah? Michael?

Mr. Michael Prue: Yes, a couple of questions here. You started off by saying that the government is contracting services that were held in public hospitals to private clinics. Is that not contrary to the Canada Health Act? How can that happen?

Ms. Natalie Mehra: The Canada Health Act requires public administration of the health care system. It is possible to privatize the delivery of services; however, the evidence is the private clinics that exist already in

Ontario are violating the Canada Health Act. So the idea that you can privatize delivery, but it's not going to impact single-tier public medicare, I think, is really profoundly untrue.

We phoned every clinic that exists across Ontario and across the country, every private clinic, and asked them, "Can I buy my way to the front of the line? How much will it cost me?" etc. What we found was that the vast majority of clinics—not a small majority, the vast majority of them—do extra-bill patients. They do charge extra user fees. They come with medically unnecessary services with medically necessary services to get around the Canada Health Act, and they do violate the Canada Health Act, even bluntly, openly.

Mr. Michael Prue: Has the government been aware of this before your saying this today? I mean, I've heard this before. Has the government?

Ms. Natalie Mehra: Yes. We presented our findings to the Ministry of Health, and we've asked the Ministry of Health to investigate the clinics. We provided transcripts of our phone calls to the clinics in which the clinics offered to sell services unlawfully. They said that they would charge us for things that they're not allowed to charge for—for example, nursing care, maintenance of patient records. All of these things are unlawful under the Canada Health Act, but they're doing it anyway. There is really very little enforcement in Ontario today.

Mr. Michael Prue: Okay. I'm flabbergasted here a little bit. The government has been told this and they're proceeding, notwithstanding: That's what you're saying.

Ms. Natalie Mehra: The government has been told this, and we raised the issues that we outlined about the high cost of the existing independent health facilities, the questionable billing practices, the lack of oversight. This sector is a sector that is already rife with problems, and we've said to the government, "Why would you expand this sector?" If you want to create specialty clinics, you can do it under the Public Hospitals Act. We can have a separate debate about volumizing and centralizing services out of local communities. But changing the ownership to private clinics is fundamentally problematic and shouldn't be done.

Mr. Michael Prue: I'm particularly worried about some small, rural hospitals. You talked about Leamington, Wallaceburg and—there was another one in there too.

Anyway, we saw an announcement yesterday in Niagara Falls about building a new hospital. I'm not going to be cynical and think that has something to do with February 13, although I think the whole rest of the world does think that. What's going to happen to the five hospitals that are in the Niagara region now?

Ms. Natalie Mehra: This is really a deep concern. Here's a bottom-line answer to your question: All of those local town hospitals are to be closed. For all the years now that we've fought against a really terrible restructuring plan in Niagara, we've been able to at least keep the Fort Erie and Port Colborne hospitals open. These are towns of 40,000 and 20,000 respectively.

There's nowhere in the world that I've heard of jurisdictions closing hospitals in a town of 40,000 people—nowhere. Yet this plan would close down those hospitals—the Welland hospital, the Niagara-on-the-Lake hospital and all their services—to replace with one hospital, with no promise whatsoever of any service levels.

The people of Niagara have already gone through devastating cuts. It cost \$60 million to close beds and restructure that hospital, only to end up with a deficit that was exactly the same—\$15 million—as it was prior to the restructuring plan.

The current plan needs to be evaluated, and no plan to cut more services in Niagara should proceed without the ministry or the government providing one iota of evidence that this is going to meet patient needs in all of those communities in the peninsula.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Natalie, for coming today.

FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this afternoon is from the Federation of Rental-housing Providers of Ontario: Mike Chopowick, if you'd like to come forward. Make yourself comfortable. Like Natalie, you have 15 minutes; use that any way you see fit. If there is any time at the end for questions, it'll come from the government side.

Mr. Mike Chopowick: Thank you, Chair. The Clerk of the Committee informed me that if I had a laptop with slides, I could use that. It's not necessary, though; I'll just give a verbal presentation.

Good afternoon, everyone. I'd like to thank the Chair and members of this committee for giving us the opportunity to speak here today. My name is Mike Chopowick; I'm the acting president and CEO of the Federation of Rental-housing Providers of Ontario. We represent 2,200 landlords and property managers across the province who supply rental homes for over 350,000 households across Ontario.

Ontario's private sector rental industry may be best known for providing homes to roughly 1.2 million rental households across the province, but it's much less widely known that Ontario's rental industry is a significant economic engine. In December 2013, KPMG Canada completed a report for us that made estimations on the economic impact of the rental housing industry in the province. The results were eye-opening; it was the first time that we've conducted such an assessment. The KPMG report found that in 2012, Ontario's rental housing sector contributed \$18.3 billion to the provincial GDP, which is almost 3%, and generated total labour income of \$8.3 billion and direct and indirect jobs of 146,000. The industry contributed a very significant \$7 billion in total government revenues. In 2012—and this is very important—our rental housing industry also invested \$4.5 billion in infrastructure, both in constructing new

rental housing units and repairing and maintaining existing ones, which works out to an average of \$2,250 per suite.

Currently, there are fundamental changes in both housing preferences and demographics that are affecting the rental housing industry in Ontario. Single-person households are growing. Home ownership costs are increasing. Both these trends are increasing demand while vacancy rates are declining. While private sector construction of apartment buildings is currently at its highest level since 1993, there's still going to be additional construction needed to meet the demands of Ontario residents in the future.

The reason why I presented these statistics on our sector's contribution to GDP and to jobs and the \$7 billion in tax revenue: I'm sure as you've travelled across the province, you've heard from a lot of groups in these budget consultations. Unlike them, we're not here to ask for funding or tax cuts or tax credits or grants or loans or anything like that; we just wanted you to be aware of the significant economic activity from rental housing and stress that one of the biggest factors that's going to help secure that economic contribution in the future is simply public policy on housing. So we have a few recommendations we want you to take note of and consider.

1320

The first one is to provide adequate assistance to low-income rental households. Ontario still lacks a housing-focused income program to assist the working poor. We've made a recommendation for a new housing benefit program to help Ontario achieve its poverty reduction goals and help low-income households with their high shelter cost burdens and minimize the risk of homelessness.

Licensing: In 2008, changes were made to the Municipal Act that enabled municipal governments to enact licensing programs on rental housing. Some of these fees now range between \$200 and \$400 in cities like Waterloo, Guelph, London and Oshawa. Ultimately, landlords have no choice but to pass these fees down to tenants. That's going to impact housing affordability. We're recommending that the province restore the pre-2008 Municipal Act regulation that protects rental housing from costly licensing programs.

The adjudication system that oversees the rental housing sector is the Landlord and Tenant Board. Unfortunately, while it's a fair system, it is plagued by delays. This doesn't serve landlords or tenants properly. No one likes to have delays in their justice cases that are before the Landlord and Tenant Board. Some of these delays in Ontario range from 60 to 90 days. Part of this is a financial issue. We make a recommendation that adequate resources be provided to the Landlord and Tenant Board to help reduce these administrative delays.

Allowing more tenants and landlords to negotiate rents: Ontario's rent control policy is right out of the 1970s and remains a barrier to investment in the industry. Our two specific recommendations are to consider increasing the Ontario rent guideline by 2%—that's it—

to give landlords the ability to recover repair costs and maintenance opportunities. Also, we strongly recommend to preserve vacancy decontrol and the post-1991 rent control exemption, which is a must for safeguarding future billion-dollar investments in new rental housing.

Property tax policy: While municipal property tax rates aren't directly under the control of the province, the provincial government controls the Assessment Act. Ontario stands alone amongst Canadian provinces for allowing municipalities to charge tenants two to three times the property tax rate that they charge owner-occupied homes. We strongly urge the government to adopt the recommendations made by many reports over the past few decades to combine the multi-residential property tax class with the residential class so that the municipal tax rate on multi-residential properties is reduced to the residential rate. That's one of the single biggest things you can do to improve housing affordability in Ontario.

Action on these five issues will help ensure the continued viability and economic contribution of the rental housing sector in Ontario. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Perfect, Mike. Thank you very much. You left over seven minutes for questions. Who would like to go first?

Mr. Steven Del Duca: I have a quick question. Thanks very much, Mike, for being here and for the presentation.

I was just wondering, as you were going through the recommendations and talking about some of the challenges that are faced in the industry and for those who rely on rental housing, do you notice if there's a particular—is this largely a Toronto/GTA issue? Are the challenges felt somewhat equally across most urban centres across the province?

Mr. Mike Chopowick: Well, generally most of the policies are province-wide. We've also made specific recommendations to the Ministry of Housing on the planning process, and some of that is primarily an impact in major urban centres like Toronto, Ottawa and the GTA, where the planning process is often a barrier to new housing investment. We all agree that we need more affordable housing opportunities in the province, but we find we run up against barriers in the municipal planning process. So we've made separate recommendations on that.

Mr. Steven Del Duca: Okay, great.

The Chair (Mr. Kevin Daniel Flynn): Go ahead, Bas or Donna.

Mr. Bas Balkissoon: I was just thinking about what you said about assessments. I just want to get a true answer out of you, because you're proposing that rental housing, be it whatever form, be the same assessment as single-family homes or townhouses or whatever.

Mr. Mike Chopowick: That's correct.

Mr. Bas Balkissoon: But currently today the rental housing stock is not assessed on value; it's assessed on return on investment. So would you agree that if you're going to shift it to be the same as the other, you will also

have to shift the assessment itself, that it's the true market value of the unit?

Mr. Mike Chopowick: No. I mean, rental properties are assessed on a revenue methodology. Frankly, that's a decision that MPAC has made. It doesn't have to be—

Mr. Bas Balkissoon: No, it's a policy of the government.

Mr. Mike Chopowick: Right. There are different assessment methodologies. Again, though, this recommendation was made by the Thom commission in the 1980s; it was made by the royal commission on fair taxation in the 1990s.

Mr. Bas Balkissoon: And maybe that's why it was ignored.

Mr. Mike Chopowick: It was made by the Beaubien commission in 2002—

Mr. Bas Balkissoon: But you can't put apples and oranges in the same bin. That's why I asked you the question. Are you prepared to support the other one?

Mr. Mike Chopowick: No, absolutely not. We think the assessment methodology is fine. The broken part of the system are the tax rates, and every—

Mr. Bas Balkissoon: But the tax rate is different because the methodology is different.

Mr. Mike Chopowick: No, actually, we don't agree with that because, again, we look at Montreal, Edmonton, Calgary, Vancouver and Winnipeg. They use the same assessment methodologies, yet the property tax rates are one to one for every residential property, whether it's owner-occupied or rental. We think Ontario is no different; it should catch up to the rest of Canada.

Mr. Bas Balkissoon: I'll check that out, because I disagree with you, but anyways.

The Chair (Mr. Kevin Daniel Flynn): Okay, we'll just agree to disagree. Donna?

Mrs. Donna H. Cansfield: I have two questions. It has long been an understanding that the taxation on a square-footage basis is higher in a rental unit than in a housing unit. So have you looked at that from that perspective? This often came about before when we had taxation at the municipal level for school boards, for example. It would come consistently to us. So that's one.

The other is that I'm really interested in this issue around the municipal licensing. You indicate that there's already an existing range of municipal and provincial regulations, and yet on top of that there appears to be another—I'll use the words "red tape." Primarily, presumably it is used for inspection purposes. Is it to cover the cost of all of that? So is it cost-neutral, or are the municipalities making money?

Mr. Mike Chopowick: Thank you, Ms. Cansfield, for those questions. The first question: You're very right. Back on the property tax issue, as further evidence, the education property tax rate is one to one, even though there are different methodologies for assessments. So both apartment buildings and homes are taxed at the same education property tax rate, which means it follows that the municipal tax rate could also be the same.

On the licensing issue, there are probably about a half dozen municipalities that have currently adopted licensing for rental housing. Generally, the licensing fees are limited to be cost-neutral to the municipality, so it's not a revenue tool for cities that adopt this. They have to hire staff for inspections and enforcement. It's a bit of a duplication because we already have enforcement under the Residential Tenancies Act. We have a Ministry of Municipal Affairs enforcement and investigations unit. We have the Landlord and Tenant Board. We have the building code, the fire code. Licensing, where it has been adopted, is simply another layer of what we call red tape, of what is, in fact, just regulation on the rental housing sector.

Again, the fees that I mentioned, \$200 to \$400 a unit, we have no choice but to pass those down to the residents who live in those units, and it's something we'd rather not do, but we have no choice. So it's impacting affordability.

Mr. Donna H. Cansfield: It seems to be high. Do you think it's a high amount?

Mr. Mike Chopowick: Well, you know, I'd like to see what their total costs are for these programs. It is a high amount considering this is something that didn't exist a few years ago.

A good case is London. They introduced licensing at \$25 a unit, and then in one decision last year increased it to \$230 a unit. Increases like that are unsustainable for us.

1330

Mrs. Donna H. Cansfield: Interesting. I guess my other question, then, is the whole issue around new housing. The average price of a new house is very significant, and there appear to be more people renting than ever before, in terms of the rental field. Do you see this in terms of the future? So how does that bear—

Mr. Mike Chopowick: The two key trends under way are the fact that, yes, for first-time homebuyers, it's becoming cost-prohibitive to buy a house in places like Toronto and major centres. So that's causing a significant surge in demand for rental housing. We are predicting that you are going to see vacancy rates start to drop, because it's very unlikely, quite frankly, that we can construct enough new rental units to keep up with that demand, unless we see changes in some policies that I listed here.

As well, immigration to Ontario—we know, from Statistics Canada, that 75% of new Canadians rent for their first two years, so that's also a key demographic for rental demand.

We'd like to meet this demand. And, again, as I mentioned, we're investing already: \$4.5 billion a year in new housing infrastructure, which is double what the province is spending on things like new hospitals or new schools and universities or highways and roads. So it's a significant amount of money, but for us to sustain that investment in new housing, we're going to need some assistance on the public policy side.

Mrs. Donna H. Cansfield: So has there been any discussion, then, with your organization with the providers

around the whole concept of affordability within the market rental units? I mean, this is happening in Ottawa. I'll give that as an example.

Mr. Mike Chopowick: Yes.

Mrs. Donna H. Cansfield: And is there an opportunity to do more of that which might, in fact, help us with the other crisis of affordable housing?

Mr. Mike Chopowick: Yes. The affordability issue is important, and, again, the gap between the cost of owning a home and renting a home is now at its widest it has been in decades. That's why we're seeing a big demand in rental housing: simply because, for many households, it's starting to look like a more affordable option as opposed to buying a condominium.

Again, what we've stressed is that for low-income households, the problem isn't the price of rent, because our rents are reflected by things like the costs of maintenance and repairs and energy and insurance rates and mortgage costs.

We strongly support some investment in a housing benefit program that provides monthly assistance of between \$100 and \$200 a month to low-income renters. It's not just us saying that, but the Daily Bread Food Bank has made that recommendation. The Ontario Non-Profit Housing Association has made that recommendation—

The Chair (Mr. Kevin Daniel Flynn): Thank you, Mike. I'm going to have to cut you off.

Mrs. Donna H. Cansfield: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Point well made.

Mr. Mike Chopowick: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you.

TRILLIUM AUTOMOBILE DEALERS ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Okay. Our next delegation this afternoon is from the Trillium Automobile Dealers Association. Frank, if you'd like to come forward. Make yourself comfortable; 15 minutes, like everybody else. Any time left over will go to the Conservative Party for questions.

Mr. Frank Notte: Great. Thank you.

The Chair (Mr. Kevin Daniel Flynn): The floor is all yours.

Mr. Frank Notte: Thank you, Chair, and members of the committee, for having me here today. My name is Frank Notte, and I'm the director of government relations for the Trillium Automobile Dealers Association.

Since 1908, our association has been the voice of Ontario's new car dealers. Our 1,000 dealers make up about one third of all new car dealers in Canada and sell approximately 40% of all new cars in the country. Our member dealers don't just sell vehicles, they employ 47,000 women and men in well-paying jobs and generate \$27 billion per year in economic activity.

Trillium's written submission is currently being produced. Upon completion, I will forward a copy to each member of the committee.

Today I'd like to share with you four ideas we think should be in budget 2014. But before I get into the details, I'd like to highlight the main theme of our recommendations: They will not cost the government any money. Rather, we are asking for common sense policy changes to make the marketplace more fair and to promote economic growth. Our recommendations will increase consumer protection, cut red tape, stop a looming business tax on those who employ skilled tradespeople and not increase taxes on the family car.

Our first recommendation is to increase consumer protection by regulating advertising placed by automobile manufacturers. In 2010, the Motor Vehicle Dealers Act was updated and created the strongest vehicle buying rights in Canada. One major reform included changes to advertising regulations, including better disclosure requirements and all-in pricing.

All-in pricing means that dealers must include the freight charge, dealer preparation charge and other miscellaneous add-on fees in their advertising, so the only additional monies the consumer should expect to pay is the HST. All-in pricing better informs the consumer and allows them to compare vehicle prices more easily across dealers and brands.

However, the Ontario government chose to exempt advertisements placed by manufacturers from the Motor Vehicle Dealers Act. In other words, advertising placed by manufacturers is not subject to any advertising regulations. On the one hand, the government proudly celebrates the benefits of all-in pricing and other advertising regulations that increase consumer protection, but on the other hand, it decided to compromise consumer protection by creating one set of rules for dealers and no rules for manufacturers. These two sets of rules create confusion in the marketplace. Manufacturers are able to advertise a lower price, since they are not required to include all charges and fees. In other words, they can, and some have, advertise a price that really isn't the selling price, and that's not right.

There is widespread support from industry stakeholders and consumer groups who support some form of regulation, including the Ontario Motor Vehicle Industry Council, or OMVIC, Ontario's regulator of automobile dealers and salespeople; the Used Car Dealers Association of Ontario; and at least three consumer groups, including the Consumers Council of Canada.

Our second recommendation is to cut red tape in Ontario's Drive Clean Program. Currently, a dealer must complete an emissions test prior to selling a used vehicle. This requirement is outdated, unnecessary and a financial burden for dealers. This extra step does nothing to reduce pollution, especially if the automobile is still under a manufacturer's warranty and/or falls under Drive Clean's own seven-year exemption for newer models. It only adds frustration to both consumers and dealers, wasting time and money.

Here's a real-life example: A dealer owns a 2013 model demo and a consumer wishes to purchase it. This demo is six months old and has been driven only 5,000

kilometres. The vehicle is still covered under the manufacturer's warranty and, because of its age, would otherwise not require its first emissions test until the year 2020. However, since the vehicle was registered to the dealer previously, the vehicle is deemed to be used; therefore, an emissions test is required before selling the vehicle and transferring ownership.

Even used vehicles that are three or four years of age must go through an emissions test before a dealer can sell them. Drive Clean's own rules say the vehicle should receive its first test at seven years of age. The question is, why are dealers wasting time and money to test a vehicle that even Drive Clean expects to pass with flying colours? This piece of red tape highlights how inflexible and outdated Drive Clean has become.

Further evidence of Drive Clean's ineffectiveness was highlighted in 2012 by Ontario's Auditor General. He pointed out that vehicle emissions have declined significantly, to the point that they're no longer among the major domestic contributors to smog in Ontario. He also reported that 75% of the reduction in vehicle emissions was a result of better manufacturing standards and cleaner fuel and not Drive Clean. That is why our association has also taken a position to eliminate the Drive Clean program, as has been done in British Columbia and a number of US states.

Our third recommendation is to include Bill 118, the No New Tax for Businesses Act, as part of the budget. If passed, Bill 118 would repeal section 7 of the Ontario College of Trades and Apprenticeship Act, which gives the college the authority to implement a business tax on those who employ skilled tradespeople. We were pleased to hear the Minister of Training, Colleges and Universities say the government has no plans to proclaim that section. However, the reality is that section 7 exists and could be invoked at any time. To provide absolute certainty to businesses, budget 2014 should include Bill 118 and stop this looming business tax once and for all.

Lastly, we recommend that budget 2014 not include massive new taxes on the family car and drivers to build public transit. Our association is not against public transit. In fact, we believe transit is one solution to break the GTA's famous traffic problem. However, where we differ from most is how to pay for it. We don't believe massive new taxes on drivers and automobiles, as suggested by Metrolinx and the transit investment panel, are the way to go. Better spending the existing \$136-billion-and-growing budget is a much more prudent approach. Up until now, none of the Big Move's \$16 billion worth of projects required any so-called revenue tools. Our written submission will include ideas on how to pay for public transit without any tax increases.

Budget 2013 said, "Any new revenue tool should not unfairly impact one type of commute or community over another." That runs contrary to the Metrolinx and transit investment panel recommendations.

Decision-makers should understand tax increases will affect both transit users and drivers. Oftentimes they are the same individuals. Approximately 67% of GO rail

users own two vehicles and 31% own one vehicle, a combined total of 98% of public transit users who also require automobiles. Furthermore, 79% of GO users arrive at GO stations by automobile. In other words, hiking taxes on drivers and vehicles will increase the cost of using public transit. There has to be a better way.

1340

What has been missing from this debate is an all-of-the-above strategy to address investments in roads, bridges and public transit. We don't believe that investing in one mode of transportation has to come at the expense of the other. That is divisive and short-sighted.

I hope the committee sees merit in these practical, no-cost solutions. These recommendations do not require any provincial funding and will have a positive impact on consumer protection and the automotive retail sector.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much, Frank. You've left about six minutes for questions. Who's going to be first? Rod?

Mr. Rod Jackson: Thanks, Frank, for coming in and giving a very interesting presentation.

Can you give me an idea of what obstacles currently exist that prevent dealers from growing their businesses?

Mr. Frank Notte: The first one is the pending business tax from the College of Trades. We know the minister has said no—but we don't think paying a new tax will automatically promote the next generation of skilled tradespeople to work in a dealership. It has become a very problematic issue for us because we don't know what's going on. Business values certainty, and right now, we don't know what position that's going to. We think putting Bill 118 or a similar section in the bill will give business absolute certainty towards that.

Mr. Rod Jackson: Can you give me an idea of how the College of Trades and its increased fees for tradespeople are affecting the way dealers do business?

Mr. Frank Notte: First and foremost, it's increasing the cost of doing business. It's also tough to attract the next generation of auto technicians to the industry.

Mr. Rod Jackson: Is it hard to find technicians as it is?

Mr. Frank Notte: Very much so. In the past, our association has promoted programs at Georgian College or Centennial College to try to attract the next generation. We're already hearing from dealers that they can't find the next generation. The College of Trades is just another barrier towards attracting the next generation.

Mr. Rod Jackson: On Drive Clean: I was just listening to the radio the other day and someone was saying how much they hated it. I think it's universally disliked. They were saying that it's just a scam for dealers to make more money. Comments?

Mr. Frank Notte: It's the complete opposite. In fact, dealers have to invest \$10,000 to \$20,000 in buying the equipment, depending on what kind of testing equipment they want. They have to run enough Drive Clean tests to cover that cost. The reality is that it's actually a cost of doing business for dealers, oftentimes because of the massive amount of investment needed to just become a Drive Clean facility.

Mr. Rod Jackson: So they can't use any of that capital investment for any other business that they would—

Mr. Frank Notte: No. Or hiring new, skilled trades-people.

Mr. Rod Jackson: Yes, exactly.

Mr. Frank Notte: I do want to put on the record that dealers and other Drive Clean facilities charge \$35 for the Drive Clean tests, and not all of that goes to the dealer. In fact, I think \$11.67 heads back to the province. So I want to put on the record that it's not a money-maker for dealers.

Mr. Rod Jackson: I think since Drive Clean was instituted—it was originally put in by our party, actually, to help clean up the air and help get dirty cars off the road and to incent manufacturers to build cleaner cars. Would you say that goal has been achieved?

Mr. Frank Notte: Absolutely. Drive Clean, we'll admit, had its time and place. I think it helped educate the public, in terms of, keeping a car better-tuned and looking after it will emit less pollution and that kind of thing. I think everything has to come to an end. It's just one more example of a program that has passed its expiry date.

Mr. Rod Jackson: Good.

Mr. Victor Fedeli: How much time, Chair?

The Chair (Mr. Kevin Daniel Flynn): You've got about two and a half minutes.

Mr. Victor Fedeli: Great. Thank you for a very informative presentation, Frank.

I want to talk about gasoline prices, and I'm looking for the tipping point that will happen when people stop buying automobiles. This 10-cents-a-litre hike in the price of gas: What are your thoughts on that for the consumer?

Mr. Frank Notte: Absolutely, we're against it. We have a chart that will be included in our written submission that shows how much government revenue is coming from the HST on gasoline and also the provincial 14.7-cents-per-litre road tax on gasoline.

In some communities—my hometown is Port Colborne, Ontario—if you want to take public transit, it doesn't exist, so you have to buy a car. I think outside of major urban centres, that's the only way to get around. Public transit works for some people and it doesn't for others, just like owning a car works for some people and not others.

I don't think increasing the cost of gasoline is actually going to help the family budget. I think sometimes it's in such plain sight that you forget how important the car is: getting to work; students getting to school, university; picking up the groceries; driving the kids to soccer practice. I don't think increasing the cost of the family car is really going to help families.

Mr. Victor Fedeli: Obviously, you do believe that the infrastructure work needs to be done.

Mr. Frank Notte: Yes.

Mr. Victor Fedeli: Is it your thought, then, that it should be paid for from existing revenue that the government already achieves? Is that your philosophy?

Mr. Frank Notte: Absolutely. Dealers are business people, and whenever they need to cover a new cost or something like that, they don't automatically raise the cost of vehicles and say, "How much more money can we get?" They constantly look at better ways of doing things.

Our letter to Anne Golden and the transit investment panel showed where that money could come from. Quickly, off the top of my head, the Drummond report highlighted \$1 billion that the province is missing out on every year, right? I think we need to look internally first before you go back to the public and say, "We want to increase taxes."

Mr. Victor Fedeli: The other part of the government's report on transit was to raise corporate taxes, business taxes—your taxes, your members' taxes—0.5%, to 12%. Do you have any thoughts on that?

Mr. Frank Notte: I think the first reaction of government should be, "Can we build stuff now without asking people to pay for it at the end of the day?"

When a small business person like a dealer is sitting in their showroom and the first thing they hear from their government is, "How can we get more money from you?" I don't think that sits very well, because I think in their life, every day, they're continually looking to operate more efficiently and better spend the money they already have.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Frank. Thank you very much for coming today.

Mr. Frank Notte: Thank you.

ONTARIO NURSES' ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this afternoon is from the ONA, the Ontario Nurses' Association. Vicki, would you come forward. Have a seat and make yourself comfortable. If you'd introduce your colleague for Hansard, that would be great. Like everybody else, 15 minutes. If any time is left over, the questioning will come from the NDP this time.

Ms. Vicki McKenna: Okay, great. Thank you. Good afternoon. My name is Vicki McKenna. I'm a registered nurse and the first vice-president of the Ontario Nurses' Association. Joining me today, on my left, is Lawrence Walter. He's ONA's government relations officer.

My background in nursing includes many years as a front-line registered nurse at London Health Sciences Centre, working with both the adult and pediatric populations and their families. As ONA's first vice-president, part of my role is the responsibilities for political action and professional practice issues.

ONA is Canada's largest nursing union. We represent over 60,000 registered nurses and allied health professionals in the province of Ontario, including more than 14,000 nursing student affiliates. We provide care in your hospitals, long-term-care facilities, public health units, the community and industry.

The standing committee heard earlier this week from ONA representatives who have detailed the significant

challenges to the delivery of safe care for residents in our long-term-care facilities and for hospital patients in the Niagara region. You've heard that hospitals have responded to budget restraints with cuts to RN positions and the implementation of staffing models that have replaced RN care with less-qualified staff.

We know this underfunding of hospitals hurts patient care. This afternoon, I want to walk you through some of the evidence and provide you with some stories from across Ontario that demonstrate the dire need for more registered nurses in our hospitals to meet the increased care needs of our complex and unstable patients.

First, let me lay out the basic facts on the extent of RN understaffing in Ontario.

The ratio of RNs to 1,000 Ontarians is the second-lowest in Canada. Ontario has seven RNs per 1,000 population, compared to, on average, the 8.3 RNs per 1,000 population in the rest of the country.

To address this untenable gap in RN care, we're calling on the government for a funded plan of action to hire more than 17,500 RNs in Ontario, just to stabilize care to Ontarians, and that will bring us on par with the rest of the country.

1350

We're calling for an end to underfunding hospitals. The 0% for hospital base budgets has to cease. Multiple years of funding for hospitals below the cost of inflation and population growth are creating high-risk situations for patient care. Ontarians have lost millions of hours of care from cuts to RNs as a result of a two-year funding freeze for hospital base budgets.

We know that higher levels of RN staffing in hospitals are essential to care for patients with complex and unpredictable care needs. Studies show that adding one patient to a nurse's average caseload in acute-care hospitals is associated with a 7% increase in complication rates and patient mortality.

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections to other complications that lead to increased lengths of stays and increased costs to the health care system. These situations put patients at risk and also increase costs to the province of Ontario.

More than 1.5 million hours of RN care last year alone were cut from Ontario's health care system, completely ignoring the evidence that links RN care to improved health care outcomes for our patients. Over-census on hospital units are now being assessed for stretcher capacity, which means hallway nursing.

Surgeries are being cancelled. Emergency patients are being redirected as nurses are given layoff notices. Regional referrals are being restricted, except for patients who are critically ill, in so-called "life or limb" situations. The safety of our patients is put at risk under these escalation strategies to deal with overcapacity in our busy hospitals. In rural hospitals, we're experiencing cyclical layoffs as a result of closing operating rooms for extended periods of time as budget quotas are exhausted.

Some hospitals are putting in place quotas on disposable equipment that has proven to be safer for patients, which means that when a surgeon uses up the quota, the remaining patients get less-safe alternatives, increasing risk to them and, as we know, challenging the best-practice research. Some procedures have been banned due to equipment expenses, and the only alternative is a more invasive or intrusive procedure, again increasing lengths of stay for patients and increasing costs.

The explanation that nurses receive is that these measures are necessary to be competitive with other hospitals. We ask questions such as: When did our hospitals decide that it was necessary to put patients at risk to be competitive? Why are we creating a system based on cost, not need? Why are we risking patient safety to save money? Why do we close beds and lay off nurses, when in reality the beds don't close, but the staffing is then unstable and unsafe to patients? Why are hospitals replacing RNs with unregulated staffing models?

These are some of the facts that are on the ground in Ontario's hospitals today. The resulting impacts on patient care are entirely consistent with the research literature. For example, the cost of increasing nurse staffing in hospitals has been shown to be associated with cost savings achieved by reducing adverse outcomes and the length of hospital stays and avoiding patient death. Improved RN staffing has been shown to prevent a range of complications, mitigating complications through early intervention, and leads to more rapid patient recovery, which creates savings—let alone saving lives.

Ontarians want the government to make health care funding a priority, to protect the health care funding envelope from more cuts. Freezing hospital base budgets below the cost of inflation and population growth is cutting funding for patient care. Ontarians understand that reducing funding and reducing the number of nurses really hurts the quality of health care in our province.

This is why ONA is calling on the government to end the underfunding of our hospitals. It's why we're calling on the government to fund a multi-year plan of action to hire and maintain RN positions in hospitals, to make significant progress in reducing the RN-to-population ratio gap of more than 17,500 RNs between Ontario and the rest of Canada.

The current reality is that the nurse-to-patient ratio in Ontario is unsafe, unmanageable and dangerous for patients. Patients in acute care have complex medical issues with multiple health conditions that require a broad scope of practice, skills and experience. This is what RNs bring to patient care. Hospitals are experimenting with alternative staffing due to extreme budget constraints, but it's clear from the evidence that alternative staffing models cannot replicate the level, nature and complexity of the care that's provided by RNs.

Immediate changes to the funding model for hospitals are essential to properly staff hospitals to meet the care needs of increasingly acute patients. Our primary recommendation for government is to invest in our hospitals and in RN care.

We're also calling for the government to enforce a strong voice for front-line nurses related to the proposals that impact patient care in our hospitals. The government must direct hospitals to comply with regulation 965 under the Public Hospitals Act, specifying that every hospital must put in place a functioning fiscal advisory committee.

In addition, we're calling on the government to fund a plan of action to consolidate the culture of safety in our health care sector by way of funding for healthy work environments to reduce the costs to the health care system of illness and injury of nurses and reduce the likelihood of patient readmission. A plan of action for health and safety in the health care sector must include provincial standards for the prevention of workplace violence; for risk assessments; health and safety indicators in accountability agreements would be helpful; enforcement of existing health and safety laws; and training and education courses.

Finally, we're calling on the government to fund a regulated minimum staffing standard in long-term-care homes to meet the increasing resident care needs and to build nurse staffing capacity in the community sector to address the complexity of the care that's now being delivered there.

Ontario must and can do better, and we hope that you'll review our submission. I would be happy to take any questions. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Vicki. Michael? Jonah? Just over four minutes.

Mr. Jonah Schein: Thank you for the presentation. You're pointing to a real need for investment. Do you know how much it will cost for 17,500 new registered nurses, long-term?

Ms. Vicki McKenna: It's a really good question. We know that studies show that the savings generated from RN care lead to fewer patient complications, re-admissions and costs. We're asking to look at a multi-year plan and we're wanting Ontario to catch up with the rest of the country.

The dollars and cents of it all, of course, is what is of most interest with regard to the budget. Looking at the front-end cost and the back-end cost would be the end result of that. We know some front-end costs—ball-parking—certainly. Lawrence, I don't know if you have anything you want to add to that?

Mr. Lawrence Walter: It really would be a multi-year plan. We know that the start rate for a new RN is \$30 an hour, so you can calculate the cost based on 17,500.

Mr. Jonah Schein: And the timing to make up that money in saved health care costs—do you have any sense about how quickly you see those returns?

Mr. Lawrence Walter: Well, that depends on the multi-year plan that the government would adopt. In our submission, you'll see there are some figures from studies. It's about \$10,000 for an RN that savings would be generated.

Mr. Jonah Schein: Do you have comments—we've heard from the Ontario Health Coalition earlier today about new privatized clinics and the cost that would have. Do you have any thoughts about that plan that the government has?

Ms. Vicki McKenna: I didn't hear the submission on the privatization piece, but what we know is the privatization of health care in our province, as far as a working environment for nurses, is not attractive to them. There tend to be lower wage rates and less job stability. We don't believe that would be certainly a cause for nurses to want to move into those clinics to work, so that's a concern to us.

Just so you know, we only graduate about 4,000 registered nurses in a year. We're in a deficit situation right now, and we're not offering full-time work in the province of Ontario on a very regular basis. We're not attracting nurses here either, so we have, we believe, a real problem with regard to retention and employing new nurses as they graduate. We can't afford not to offer employment to those nurses; we will lose them and we'll fall further behind the rest of the country.

Mr. Michael Prue: Is there still time?

The Chair (Mr. Kevin Daniel Flynn): You've got about a minute and a half, Michael.

Mr. Michael Prue: Okay. I want to go back to the 17,500 nurses. I want to figure out exactly what you're saying and what impact it's going to have. Are you asking us to outright hire 17,500 nurses and leave the registered nurses and PSWs in place? Or are you saying that when the nurses arrive, some of those registered practical nurses and PSWs would be gone? I'm not sure I understand exactly what you're saying, and I've heard this now three times.

1400

Ms. Vicki McKenna: In the province of Ontario, we're talking primarily in our hospitals, where we're seeing the biggest impact. There's room for everybody in the system right now because we need health care workers everywhere. But in the hospital, what we believe is we've got care models there that do not provide for the patient care needs that are in those units, and so we need to open up positions there for registered nurses and shuffle some of the other care providers to areas where they can be most effective, and where their scope and clinical practice should be.

We know that by having a higher percentage of registered nurses in the hospitals, we'll provide for better patient care and better patient outcomes. Patients will do better in hospitals where they have registered nurses at their bedside. The research is clear, and it's been done over and over again that shows that to be true.

Every institution will be different, depending upon the patient populations that they have. Some of the care models with the mixed model of care providers are absolutely appropriate and work very well and patients do very well; but in many of them, they don't. Some of these—we would call "experiments"—have not worked out well.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Vicki. Thank you, Lawrence, for coming today.

Ms. Vicki McKenna: Thanks.

Mr. Michael Prue: Thank you.

CANADIAN AUTOMOBILE ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this afternoon is from the Canadian Automobile Association, CAA. Elliott, if you'd like to come forward? Welcome. Make yourself comfortable. You have 15 minutes, like everybody else. Use that time as you see fit. Any questioning, if there is any time for that, will come from the government side this time.

Mr. Elliott Silverstein: Thank you very much. Mr. Chair and members of the standing committee on finance, my name is Elliott Silverstein, and I'm manager of government relations at CAA South Central Ontario. I appreciate the opportunity to speak before you today. I'll try to keep my comments brief, as there are a lot of topics to discuss that affect CAA.

For those who aren't aware, CAA is a national, not-for-profit auto club and has been advocating for members since 1903. Today we serve, nationally, 5.8 million members across nine clubs. CAA South Central Ontario is the largest club in the federation, serving 1.9 million members as far west as Windsor, north to Sault Ste. Marie and east to Kingston.

Advocacy is the origin of CAA's existence, from lobbying for the construction of the Trans-Canada Highway, the installation of road signs across the province, our involvement in the launch of the RIDE program, introducing seat belts in vehicles and advocating against distracted driving, all of which are designed to make roads safer. Today's CAA continues to advocate on behalf of its members and the motoring public at both the provincial and municipal levels of government.

Core programs that we focus on include the School Safety Patrol, Watch for Bikes and Worst Roads. Through these initiatives, we partner with local communities and governments to help educate the public on various transportation initiatives.

Our members are not just motorists. They are cyclists, and they also use public transportation systems, and they understand the importance of an integrated transportation system, regardless of the mode that one chooses.

Today, we're going to focus on a couple of key areas. They include: distracted driving, transit infrastructure and the need for dedicated funding, insurance and the towing industry, seniors and intelligent transportation systems.

Last October, Mr. Balkissoon over here introduced Bill 116 and it received second reading with unanimous consent. The bill would see a penalty of no less than \$300 and three demerit points for a distracted driving infraction. CAA has long advocated for distracted driving measures. Since the program took effect in 2010, many drivers have adjusted their habits, but not all have.

We have a successful campaign called Missing that highlights that drivers who text are 23 times more likely to be involved in a collision.

Curbing distracted driving, a problem on our roads daily across the province and all throughout the day, will help ensure that our roads are safer, prevent collisions and ultimately reduce insurance claims as well. This is an initiative that our members are overwhelmingly supportive of. Some 3,000 members participated in a survey last year, where 80% said they would support demerit points for distracted driving infractions, and 81% said they would support increased fines for infractions. Also last year, our members reaffirmed that distracted driving is one of the biggest road safety concerns in the province, second only to drinking and driving.

Our message is simple: Ontarians deserve to have safe roads, and making the regulatory changes needed to enhance these fines will go a long way to curb the bad habits we witness daily and the ramifications that come from them.

Recently, a report was issued by the Transit Investment Strategy Advisory Panel around GTA transit. The recommendations released include a number of items that CAA and its members have been calling for, for several years. They include a separate and specific fund dedicated to infrastructure, where new taxes will be publicly accounted for; that it's more than motorists that are paying for the needed infrastructure, and through the addition of a corporate tax, we would see this happen; and that a portion of HST collected on gas and diesel fuel sales would go into that dedicated fund I mentioned.

Back in 2010-11, CAA had over 10,000 citizens sign our petition, and nearly 200 municipalities passed resolutions in support of our ask when the HST was introduced back in 2010. A dedicated fund would not only ensure that the funds collected would go to the projects that have been identified, but it would also allow for greater public confidence, as the money is earmarked and not going into straight government revenues.

Auto insurance is a subject of much debate, and CAA supports better rates for good drivers. But today I want to talk about the towing industry and how reforms there could also relate to auto insurance, as efforts are under way to look at the regulation of the towing industry. As part of the final report of the Financial Services Commission's automobile anti-fraud task force back in 2012, one of the recommendations the task force made was provincial regulation of towing.

When examining the industry, there is considerable opportunity to enhance and further the industry in a number of ways, including establishing standards and safety criteria to protect tow truck operators and motorists. CAA has been at the forefront of safety training and safety standards within the industry, and we believe there's an opportunity to raise the bar and improve the profile of the industry. In addition, there is significant opportunity to provide consumer protection in an area where it is desperately needed. Curbing issues like fraud will go a long way to provide additional consumer confidence and could have a residual effect on insurance claims as well.

Currently, Ontario's towing industry is regulated municipally through bylaws. Inconsistencies among municipi-

palities have led to a patchwork of regulation across the province with varying tow truck rates, processes, service and safety standards. In municipalities without a bylaw, motorists who are in need of towing services may be left with little protection or recourse against tow operators.

Back in 2012, we presented to the Financial Services Commission, and we support the recommendation for the regulation of the industry. As we discuss auto insurance reforms and reaching a 15% rate reduction over two years, looking at the towing industry is an important part of this discussion. Establishing regulations and/or legislation that finds the right balance between protecting consumers and allowing businesses to operate successfully is critical in the year ahead. CAA has been actively working with both towing and industry-related stakeholders to identify best practices that encompass numerous issues within the industry. We believe it is time for proper reforms to improve the industry's reputation and enhance consumer protection.

In terms of seniors, the number of Ontarians over the age of 65 by 2036 is estimated to be over four million. The implication of this demographic shift to road safety and mobility cannot be underestimated. Today's mature Canadians are increasingly active and community-engaged, making mobility and independence essential to preserving these qualities. Senior mobility is a complex and contentious issue that can be very emotional. Systems need to be in place to help mature drivers and their families make transitions if and when the need arises. For many drivers, it can be an issue of freedom and independence, and there need to be programs and infrastructure in place to help these drivers who may need to have their licence revoked. In addition, there are different challenges for rural residents compared with urban residents. These need to be factored into the decisions as well.

Lastly, I just want to talk briefly about Intelligent Transportation Systems. It's a process that works to improve the road network for all users. However, it faces a number of challenges for development and implementation due to the financial and political barriers and the rapidly changing technologies. For example, features like adaptive traffic signals, smart work zones, ramp metering and traveller information help decrease congestion by effectively managing traffic flow and providing commuters and businesses with the information they need to make smart travel decisions. Implementation of ITS measures can help mitigate congestion and demonstrate to taxpayers that their money is providing value, and potentially at a quicker rate than the introduction, study and procurement of other road and transit infrastructure projects. There is a wide breadth of issues in academia right now in our own backyard when it comes to ITS. We need to embark on some test pilots with academics in an attempt to determine various processes that could help find suitable long-term solutions.

In short, Ontario has been recognized for a long time as having some of the safest roads in North America. Distracted driving has become an issue of significant

proportion across the province, and there's a need for additional efforts to curb this trend.

1410

Traffic congestion has reached critical proportions. It is vital that we improve our transportation infrastructure to meet our escalating demand. In addition, the daily commute is stressful. Gridlock is hurting, for many, their health, family well-being and productivity. Improved mobility and decreased congestion benefits us all.

Lastly, addressing the challenges in towing will not only help the industry but could have residual benefits to address the plans around auto insurance reforms and also, in part, help Ontario's road networks. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Wonderful, Elliott. Thank you very much. Questions? Bas Balkissoon, and you've got about six minutes left.

Mr. Bas Balkissoon: Okay, thank you. I'll be quick.

Thank you, Elliott, for your presentation. On the towing industry, I just want to give you a comment. I fully support you that it should be provincially regulated.

Many years ago, I sat on the municipal licensing committee at the city of Toronto. We attempted to bring some new rules into place. I can tell you that I faced a lot of bullying, if I could call it that, and unusual tactics by certain members of the industry—not all. When I got here, my colleague David Zimmer attempted to bring it into the provincial realm, and I think he had similar roadblocks. So many people have tried to do what you're suggesting. I think there has to be another drive, and I'd like to hear your comment on that.

The other problem is, if the province takes it over, most municipalities will fight that issue, because it's a revenue stream for them. It shouldn't be a revenue stream, because the fees they charge should be to recover the enforcement, but that's not the case.

I just want to hear your comment.

Mr. Elliott Silverstein: Absolutely, and thank you for the question. When it comes to the towing industry, just looking at it in terms of what can happen this time, I think that there is now a shift. I think they were talking about auto insurance and looking at ways to address issues of fraud. It has brought a lot challenges because there are a lot of tow truck drivers who go out every day and do excellent work, and there are some who actually put a blemish on the industry. We recognize that it's not everybody, but it's some.

Having said that, providing safety standards is also really important. I think that as we look at where the industry is and the need for the industry to grow and develop in generations to come, it's time to look at this, because it's very much an ad hoc process across municipalities.

When we talk about the impact on municipalities, they could still potentially issue business licences that they need to operate in those particular areas, but the actual enforcement of the industry could be done through a provincial standard so that they have to be registered and receive a type of licence at the provincial level. So you don't necessarily shift it from municipal to provincial but

find a way to transition a lot of the pieces that are required for Ontario driving to the province, and then still keep an element for business operations in the municipalities.

I think that now, more than ever, you're probably seeing a lot of the various stakeholders coming to a consensus that it's time to do something. So I think we want to do as much as we can to make the industry viable, to make it safer for consumers and to ensure there are protections, so that if they're at the scene of an accident or a breakdown, they have ways to pay by electronic commerce and so forth—plus the safety standards, ensuring that people, when they are on the side of the road, where there's very little room to work with, are not putting themselves or the people who are broken down in any sort of peril.

Mr. Bas Balkissoon: Do you believe there should be a tribunal process where, when the current industry is demanding outrageous fees, an insurance company or a client can refuse to pay and can say, "Let's go to the tribunal"? Is that going to solve it?

Mr. Elliott Silverstein: I think that it's part of the discussion. I think, really, everything right now is subject for discussion.

I think having a tribunal or some sort of a body that would oversee this would help provide some consistency. Again, there are a lot of people who follow the bylaws and the rules set out by municipalities, but having that check and balance in place to give consumers protection, much like some other facets of the province where there are bodies to oversee these types of industries—it's important to do that, because it will help address questions and could cover some gaps, close ambiguities, and also give the industry and the consumers that piece of protection but also that resource to go to.

So I think that idea, that concept, is certainly viable and something that is worthy of consideration.

Mr. Bas Balkissoon: Okay, thank you. My colleague has some questions.

Mrs. Donna H. Cansfield: I just had this question. You indicated, I think, around the seniors that when the time comes when their licence has to be suspended, probably indefinitely, it's a difficult time because they lose their independence. But are you suggesting that it should be the responsibility of the government?

Mr. Elliott Silverstein: No. What I'm saying is that as the population of seniors increases, the challenges that are going to come out with the rising number of seniors and the potential that many vibrant seniors may no longer have a licence—it could cause challenges.

As we look at a broader strategy, it's an opportunity for the government to really look at these long-term plans, because we're not there yet, but we're getting there. Certainly it's things that we're observing and that we want to ensure are in place so that, by the time we do need to have those items in place, they are there and viable.

Mrs. Donna H. Cansfield: Because currently the law requires the physician to identify to the Ministry of

Transportation if they believe someone is not capable of driving. Then, of course, they blame the government anyway, and families rarely take on the responsibility, because that's a front-line kind of problem, and they don't want to be involved. But I guess I'm not sure exactly what you're suggesting in terms of the longer term and the role that the government should be playing in developing a strategy.

Mr. Elliott Silverstein: Well, I think the point you made about families playing a role as well is critical, because right now there's an opportunity for education, because it's a shared responsibility. Right now, because we're not at that point yet, I think the opportunity is for the government to work to have some strategies in place, to sit down and get the discussions moving, so that various stakeholders could provide various ideas or solutions and we have something that's robust—that, at the end of the day, the seniors have a chance to still be viable in their communities.

Mrs. Donna H. Cansfield: Okay. Thank you very much.

Mr. Elliott Silverstein: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today, Elliott.

ONTARIO LONG TERM CARE ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next presentation is from the Ontario Long Term Care Association. Candace, are you with us? If you'd like to come forward. Make yourself comfortable. You have 15 minutes, like everybody else; use that in any way you see fit. If there's any time left over, the Conservatives may have some questions for you.

Ms. Candace Chartier: Great. Thank you, Mr. Chair. Hello, everyone. My name is Candace Chartier, and I'm the chief executive officer for the Ontario Long Term Care Association. Along with me here today are two members of my board: Mrs. Christina McKey and Mr. John Scotland. We want to thank you very much for having us here this afternoon to present our recommendations for the 2014 Ontario budget.

I have been working on the front lines in long-term care for over 15 years. I am a registered nurse by background and have done almost everything a nurse can do, starting out my career in acute care at Ross Memorial Hospital, then moving on to the Victorian Order of Nurses doing house calls and also as an air ambulance nurse serving fly-in communities up north.

But long-term care is where I found my stride. What I love about long-term care is that our workplaces are the residents' homes. We are committed to high quality of care and high quality of life, and this afternoon I look forward to walking you through the presentation you have in front of you that's all about our recommendations for building capacity in long-term care to better deliver on Ontario's Health Action Plan. My comments roughly follow the slides, and then I look forward to taking your questions.

Ontario's long-term care providers are proud to have the trust of over 100,000 residents and their families annually. Residents today have highly complex needs that require specialized and intensive care. It is our job to advocate on their behalf for what we need to provide them with safe, quality care.

Ontario's health care system, and in particular long-term care, is facing rapid transformation. Our province's seniors are living at home longer. When the time comes to enter long-term care, residents are frailer, with more complex care needs than ever before. A couple of examples: 61% of our residents live with Alzheimer's or other dementias, 46% exhibit some level of aggressive behaviour and 93% have two or more chronic diseases. As well, dual diagnoses, such as dementia and a psychiatric diagnosis, are increasing at 11% per year.

Ontario's long-term-care homes are working hard to meet this challenge. Some homes are now delivering procedures traditionally delivered in hospital, like chemotherapy, IV therapy and peritoneal dialysis. We are safely implementing and assessing the new physiotherapy funding model, which is helping to control escalating health system costs.

Long-term care is also helping to alleviate the alternate-level-of-care challenge in hospitals. In 2012, over 7,000 Ontarians were discharged home from long-term care, including 2,000 through the convalescent care bed program.

OLTCA has five priorities that together build the sector's capacity to deliver on Ontario's Health Action Plan. Our recommendations are based on independent research and data, surveys of over 446 member homes and engagement with stakeholders across the health care sector, most notably residents and family councils.

OLTCA and our members are committed partners in the delivery of safe, high-quality and resident-centred long-term care now and for the future. Recognizing that health care providers are being asked to work smarter and more efficiently with smaller funding increases, as much as possible our recommendations include cost neutrality or a redistribution of funds.

1420

Our first priority is safe, high-quality care. Research demonstrates that the complex needs of today's residents are higher than homes were designed to provide, and will continue to rise in the future. Simply put, more resources are needed. Within Canada, the daily funding provided for long-term care ranks in the bottom among known provinces. Currently, long-term-care residents are unable to fully benefit from the clinical nursing skills required to meet their more acute medical needs because the act and its regulation place restrictions on nursing scope of practice and the ability to delegate. So even though a PSW in the community can administer medication in a home care setting, they can't do it in long-term care. Our recommendation is for a 3% funding increase across all envelopes and a regulatory change that would allow staff to work to their full scope of practice.

Our second priority is mental health and dementia. Currently, 46% of our residents have some level of ag-

gressive behaviour and 38% have a psychiatric or mood disorder. Residents with aggressive behaviours and mental health issues are our core population. More dedicated and specialized resources are required to build capacity and provide care for their needs, while maintaining safe homes for all. We believe that the Behavioural Supports Ontario project is a tremendous investment into long-term care that is working to build the capacity for this population. However, the implementation of this investment has varied across the LHINs. This investment could yield much better value if all models followed the best practice of a dedicated Behavioural Supports Ontario team in every home. We believe that if the investment was doubled and retooled according to best practice, then capacity would be established to address the needs of residents with aggressive behaviours.

There is a growing body of evidence that the care environment may be a strong contributing factor to aggressive behaviours, which brings us to priority number three: Rebuild Ontario's long-term-care homes. In 2009, the government made a commitment to Ontario seniors to ensure that the homes in which they receive long-term-care services are comfortable living environments and that they all have adequate and appropriate physical space that enables staff to provide the high-quality health care required by this very vulnerable and medically complex population. The long-term-care capital renewal strategy that was launched in 2009 set aside funding for 35,000 beds to be redeveloped within a decade. About 2,500 of these beds have been rebuilt to date, well below the target of 7,000 beds every phase. Dated construction, large centralized dining spaces and environments less conducive to infection control are all serious issues in these older homes. Older homes with wards that house four residents in one room create a high-risk environment for harm to residents, without many options to mitigate these risks. Our recommendations are to announce a viable program by the end of 2014 and to ensure that long-term care is a sustainable investment, through a continuation of the affordable annual accommodation increases.

Our fourth priority is to support small homes. Small long-term-care homes play a very important role in caring for Ontario's seniors by delivering the right care in the right place at the right time. Today, there are over 260 homes that have 96 or fewer beds. This represents 41% of the long-term-care homes in the province. Of these homes, 50% are located in small or rural communities. Changes being implemented in our sector have been numerous over the past four years, from the implementation of the new responsibilities and regulations under the act, the introduction of the LHIN accountability agreements, and the constantly increasing reporting and documentation requirements. The capacity of small homes to absorb this amount of change while maintaining safety and high-quality care is limited by the scale of administrative resources at hand. In small communities and rural areas, it is often difficult to get qualified care staff, including medical directors, registered nurses, registered

practical nurses and management staff. Small homes have higher staffing costs per resident across all departments. The requirement to have at least one registered nurse on duty 24 hours a day costs small homes, on average, \$35,000 more. One of the key recommendations of our expert panel's Why Not Now? report on innovation was the adoption of a "no home left behind" policy that will ensure performance is consistently high across providers. To be able to achieve this, a small homes strategy is required.

Our final priority is reducing the administrative burden. Ontario long-term-care homes are among the most heavily regulated sectors in the country. OLTC estimates that administrators and directors of care spend 30% to 35% of their work time on paperwork to meet the regulatory and reporting requirements.

OLTC and our members believe in the importance of accountability and transparency. In fact, we believe that they're one of the key strengths of our sector. However, we believe that residents would benefit tremendously from a rationalization and streamlined approach to requirements because it would release much-needed staff time to care for residents and also better promote a culture of resident-centred care.

We are recommending that the government adopt its own Open for Business model to red tape reduction: for every new requirement, two get eliminated. Furthermore, each requirement should pass a good-for-resident-or-taxpayer test.

I want to leave you today with the message that a strengthened long-term-care sector benefits all Ontarians. We deliver innovative and cost-effective care that provides tremendous value for our health care system. One of the foundations of Ontario's Health Action Plan is to deliver the right care, in the right place, at the right time. Ontario's long-term-care homes can and want to do that and do more to care for residents and to contribute to the health action plan.

If ever there was a right time and a right place to advance the right care, it's now, and it's in long-term care. Let's make it right together with a strategic investment in long-term care today so that we're ready and able to care for the residents tomorrow. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Candace. You've left just over four minutes. Vic?

Mr. Victor Fedeli: Thank you very much, Chair. Candace, that was a wonderful presentation. I thank you very much. Now, you mentioned you worked in northern Ontario. Where did you work?

Ms. Candace Chartier: Kenora, and we flew to the reserves that are only accessible by air.

Mr. Victor Fedeli: I'm from North Bay.

Ms. Candace Chartier: Okay.

Mr. Victor Fedeli: I represent Nipissing. I was going to ask you if you've noticed a difference between the long-term-care facilities or working in long-term care or managing long-term care in southern Ontario versus northern Ontario? Is there anything that comes to mind in terms of a difference?

Ms. Candace Chartier: Yes. You're going to see a difference across the LHINs. Quite honestly, I think that, especially since we've gone to the new care plan system that we have, you have a very different mix of residents. The residents we were looking after three years ago aren't the residents we're looking after today. With the shift to the community—that's what the real impact is. In northern Ontario, that shift to the community depends on what resources are in that community compared to other areas of Ontario. But the shift to the community, which we support, has resulted in more people being taken care of at home longer. What has happened is that now the residents coming into long-term care are much more clinically complex and much more frail. They are a much different resident than historically you would have seen three years ago.

In northern Ontario you have different populations. You have a high aboriginal population, high diabetes—so it depends on what area of the province you're in.

Mr. Douglas C. Holyday: Thank you very much. I was interested in the comment here that people are discharged from the long-term-care homes. I've gone through that with my grandparents, my own parents and so on, and I guess, although there might have been the odd person that left, I didn't think that in any large numbers people were actually getting discharged. I see here that you're talking about 7,000 discharged, and 2,000 were on a program. Could you tell me a bit about that?

Ms. Candace Chartier: With the recent investment in convalescent care programs, what that program has afforded long-term care is having a set number of beds that hospitals could bring residents in. A perfect example would be somebody who is at home and they fracture their hip. They don't have anybody at home to look after them. They go to the hospital and get the hip repaired, and then they go into one of our convalescent care program beds, where they can stay up to 90 days. We rehab them and get them back to a level with the right supports, and they can go back to their home.

So there are convalescent care programs, respite programs, a variety of programs that we look at. My previous role—I've done every role in long-term care—when I was an administrator in a small home in the city of Kawartha Lakes, we had a man who was in a wheelchair, a double amputee. The only reason he couldn't live on his own was because he didn't have the right support. So we worked with the community, and my staff went out and set up the apartment for him.

There's a whole bunch of different variations but, yes, we have successfully placed people back in the community.

1430

Mr. Douglas C. Holyday: So there might even be seniors that would be admitted, then after a period of time you'd find out that really, if they had some help, they could probably live on their own somewhere and you could get them to that situation?

Ms. Candace Chartier: Yes. Not so much now. I think what happened was that when the 20,000 beds were

put into the system, there was a mix of different residents. I think, like I've said, in the last three years our residents have become a lot more frail, and then the guidelines to get into long-term care are very specific. So the population we're looking after right now, as per the handouts, has a high level of dementias, large behaviours. We're getting people in with a dual diagnosis, so not only do they have dementia, but they have some kind of other disorder that is really complex to care for.

Mr. Douglas C. Holyday: My last question is, you're asking for an awful lot of money here, over \$100 million annually. What have you been getting, ongoing?

Ms. Candace Chartier: Historically, we've been getting 1.5% to 2%. Basically, with the amount of inflation and keeping up with the staffing, 1.5% is required just to do that.

What we're asking for—and a good example is the 3%. What that means in reality is, in a 150-bed home, one PSW on the floor full-time. So that 3% will give a 150-bed home a full-time PSW to care for the residents. Then the BSO investment is \$61 million, and what we're asking is, just double that. That will give an in-house BSO team an RPN and a PSW to work with those residents and determine the triggers before aggression turns into aggression.

Mr. Douglas C. Holyday: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Candace. Thank you very much for coming today.

Ms. Candace Chartier: Thank you.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this afternoon is from the RNAO. Doris, if you'd like to come forward with your colleagues. It's good to see you again.

Ms. Doris Grinspun: Good to see you too. Thank you very much for having us, and good afternoon to everyone.

The Chair (Mr. Kevin Daniel Flynn): Make yourself comfortable. You get 15 minutes, like everybody else. Any time left over will be taken by the NDP for questions.

Ms. Doris Grinspun: Excellent. Thank you. As some of you may know, not all, my name is Doris Grinspun, and I'm the CEO of the Registered Nurses' Association of Ontario. With me today is our senior economist, Kim Jarvi.

RNAO is the professional association for registered nurses who practise in all roles and sectors in Ontario. Our mandate is to advocate for healthy public policy and for the role of registered nurses in enhancing the health of Ontarians.

RNs know from personal experience the impact that budgets have on health, on health care and on the nursing profession, and we appreciate this opportunity to share our views on the 2014 budget. We have been asking for a balanced approach to budgets for the past few years, and

we are cautiously optimistic that this year the government will move beyond austerity measures, as it suggested in the fall economic statement.

When we speak of balanced approaches, of course we are talking about a rough balance between expenditures and revenue over the business cycle. We need to deal with the fiscal deficit seriously, and that means recognizing it for what it is: a constraint—a very manageable constraint, and one that must be balanced against growing social, health, environmental and infrastructure deficits. For example, we are encouraged that the government is looking at ways to raise revenue to pay for the huge transit infrastructure deficit across the province. Failure to deal with this deficit costs billions of dollars per year in the greater Toronto region alone. The sharp spike in unemployment in Ontario to 7.9% reminds us that we are a long way from recovery from the 2008 recession, and the low incomes associated with it also have a long way to go.

This brings fresh urgency to the call for a balanced approach, a balance that asks the following: What expenditures are necessary to strengthen an inclusive, healthy and sustainable Ontario? How do we pay for those services? How much debt is reasonable to deliver the necessary investments? How and when do we reduce the debt and deficit?

Our read is that there is significant unused capacity in the economy now, and considerable need for government to address the non-fiscal deficits we just mentioned through a combination of reallocation of resources, new revenue and judicious borrowing at low interest rates.

Our recommendations begin with nursing care: RNs provide the bulk of direct care by health professionals in Ontario. RNs have had a roller-coaster ride, to say the least, at budget times. Budget-cutting in the 1990s saw thousands of layoffs. This triggered a vicious cycle of RNs leaving the province, soaring workloads and burnout that ultimately hurt patients, RNs and health organizations. It took a concerted effort by successive governments to reverse the downward spiral through the creation of thousands of nursing positions. However, the 2008 recession led to austerity measures that fell particularly hard on RNs, with layoffs and reduced access to services. Today, Ontario sadly has the second-worst RN-to-population ratio in the country. I would not have thought about this in 2003 or in 2002 or in 2005. The need today is almost 17,600 more RNs just to catch up with the rest of the country.

We have five recommendations related to nursing human resources:

(1) Narrow the gap, as I said, of about 17,600 RN positions by immediately focusing attention on RN recruitment and retention. The only shortfall in nursing positions in Ontario is an RN shortfall. A place to start restoring RN positions is in long-term care, and I'm so very glad that we are presenting right after OLTCA for that.

(2) Protect the safety of our seniors and ensure their timely access to quality care by phasing in minimum

staffing standards—we spoke about that a long time ago, even in the Shirlee Sharkey report—and we suggest starting with a minimum of one nurse practitioner per 120 residents. This will fit beautifully with the model that my previous colleague was speaking about, increasing the number of RPNs and of PSWs in long-term care, if you put nurse practitioners in every single one of them—of course, given the fact that there is not enough physician access to those residents.

(3) Ensure 70% full-time employment for all nurses so that patients have continuity of care and in their care provider. We have seen huge progress in this area, but the job is not done. In 1998, less than 50% of RNs had full-time employment, which is terrible for continuity of care, caregiving and terrible for the profession. The government committed to 70% full-time employment for RNs, and by 2012, we had risen to 68.6%. Unfortunately, 2013 saw the loss of many full-time positions and the ratio dropped to 66.8%. We are saying, let's get back on track.

(4) Deal with maximizing and expanding the role of RNs to deliver a broader range of care, such as ordering lab tests and prescribing medications to improve access to care for Ontarians and optimize outcomes. The Premier announced this at our AGM last April. Nothing has happened, and we are urging you to make progress, not for the sake of nursing but for the sake of Ontarians. We can achieve same-day access if we move with giving an expanded scope to the over 90,000 RNs we have in the health care system.

(5) Secure fair and competitive wages for nurses and nurse practitioners working in all sectors of health care. We are specifically speaking here about the remuneration of RNs and RPNs in primary care and in home care, and also nurse practitioners, who we will see leaving for other jurisdictions like Alberta because the compensation is much, much higher than in Ontario, which is one of the lowest in the country for nurse practitioners.

Nurses in the health system: RNs are highly motivated and highly educated, and they want to do more to expedite high-quality and cost-effective access to health care. A health care system anchored in primary care, where each interdisciplinary member is enabled to work to the full scope of practice, will bring health care closer to home and make best use of investments made in the health system.

1440

To ensure coordination between the various elements of our health system, we must also enhance system integration and decrease duplication. To achieve this, RNAO proposes four recommendations:

(1) Support LHINs to achieve regional health system planning, integration and accountability for all health sectors using an evidence-based, patient-centred approach rooted within a population health, primary health care framework.

(2) Commit to providing all Ontarians with access to integrated, interprofessional, patient-centred primary care by 2020, in nurse practitioner-led clinics, community

health centres, aboriginal health access centres and family health teams, and focus on these four models of primary care, which are interprofessional and will ensure, within the full scope of practice, same-day access.

(3) Improve coordination and person-centred navigation across our complex system by partnering with patients to coordinate their care through primary care.

(4) Related to this, transition the 3,500 case managers, who today are working in community care access centres, to the primary care sector.

On social determinants of health, let me speak about our recommendations on that:

(1) Immediately increase the minimum wage to \$14 and automatically index it to the rate of inflation in order to bring workers above the low-income measure of poverty.

(2) Improve access to affordable housing and stimulate job creation.

(3) Transform the social assistance program to reflect the actual cost of living.

Environmental determinants of health: Again, like in social determinants, nurses are very, very aware of environmental determinants of health and the link between these and health outcomes. Our recommendations are:

(1) Set ambitious toxics reduction targets and ensure people have the right to know about the existence of toxics in their environment, in their homes, in their workplaces and in consumer products.

(2) Minimize the energy footprint by focusing first on conservation and energy efficiency, relying minimally on existing coal plants until they are closed, which we're very happy about; increase reliance on renewable energy; and strategically use natural gas and hydroelectricity imports from Quebec to meet any shortfalls.

(3) Create new dedicated revenue sources for a substantial expansion of transit and active transportation.

Lastly, our recommendations for medicare are:

(1) To once and for all stop privatization efforts, whether it is P3s, whether it is medical tourism that now exists in Ontario and we're closing our eyes to it, or whether it is the trial ballooning on user fees in home care. Stop privatization of health care services. It results in less care and more cost.

(2) Work with the other provinces and territories to raise our voice toward a 2014 health accord. We have yet to hear our Premier or our minister—I know we have heard their complaints about the decrease in the funding from the feds. We want to hear our minister speak about, "We need a health accord and we need it now." We shouldn't let the federal government off the hook on that.

(3) Expand our publicly funded, not-for-profit health care system to all medically necessary services, starting with universal home care, universal pharmacare and dental care for people living on low incomes.

(4) Focus on well-researched and demonstrated policies and evidence-based clinical practices to optimize the health of people, families, communities and our health system. And, of course, RNAO is always delighted

to be one of the biggest contributors to the health system in the area of evidence-based practice.

Lastly on this item, given the federal threats to close the door on supervised injection sites, we urge Premier Wynne to demonstrate leadership and immediately fund services in Toronto and Ottawa for supervised injection sites.

On the fiscal capacity, we are asking for more progressive taxation. We are asking for taxes that will encourage social responsibility—for example, environmental levies on carbon tax, and we are asking to work with the federal government to research the scope of tax evasion losses and then put resources into the loss of revenues. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Doris. You've left time for a few questions.

Mr. Michael Prue: How much time?

The Chair (Mr. Kevin Daniel Flynn): There's about a minute, Michael.

Mr. Michael Prue: A minute. Okay. In one minute—

The Chair (Mr. Kevin Daniel Flynn): I've heard you ask quick questions.

Mr. Michael Prue: Yes. Many of the nurses' groups have come forward and asked for 17,600 positions. I've asked again and again and again, but we cannot put a number on what that will cost, or whether that will displace some of the other people: practical nurses and assistants in the hospitals. Can you tell me, the 17,600—is that replacing people? I'm trying to figure the costs, because if you're replacing them, it's not as expensive as if you're just adding 17,600—

Ms. Doris Grinspun: The 17,600, first of all, just so you know, is to actually bring us to the average in Canada. We are the second lowest. This is something that I would have expected 10 years ago, not today. Fifteen years ago we went through it. To go again and become the second worst in the country is not a good thing for health outcomes. You need to look at this as an investment that will actually save you money in the system, in keeping people healthy, keeping them out of hospitals and sustaining them in the community. So there's a cost analysis that needs to be done with this. It's often a mistake to see nursing as a cost only. It's what you save through that that you need to look at.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Doris, and thank you, Kim.

CAREER COLLEGES ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this afternoon is from Career Colleges Ontario: Craig Donaldson. Like everybody else, you have 15 minutes; use that any way you see fit. Any questions will come from the government side, if there's time for that.

Mr. Craig Donaldson: Thank you very much for having me here today. My name is Craig Donaldson. I'm from Career Colleges Ontario.

Career colleges are an important part of the post-secondary education sector in Ontario. Today I'd like to

talk about jobs and improving employment in the province.

Career colleges have existed in Ontario for 146 years. We're regulated under the Private Career Colleges Act, 2005, which is administered by the Ministry of Training, Colleges and Universities. Since the inception of the first career college campus in Belleville in 1868, the career college sector has grown steadily and today remains a fundamental component of Ontario's post-secondary sector, with more than 600 campus locations offering more than 5,000 MTCU-approved diploma programs. Career colleges service more than 67,000 students annually and employ 12,000 people in the province. Career colleges pay over \$94 million in taxes.

I want to talk about three things today, but first of all, I'll give you a little bit more background about career colleges and what we do. I'd like to touch on three programs: one is OSAP, the Ontario Student Assistance Program; two is Second Career; and three is the Canada Job Grant that the federal government is actively promoting, and I'll talk about how Ontario can work with the federal government on that initiative.

Many of you have career colleges in your ridings, and I would encourage you to visit those sites. The vast majority of career colleges are teaching-only institutions that are focused on training for specific vocations and specific jobs. Generally speaking, career colleges offer very specific training—efficient and a quick path to employment. Generally, there are no summers off, and they deliver programs that are very targeted and specific to employment needs and the needs of employers.

The graduation rate at career colleges is just over 80%, and the job placement rate is approximately 83%. It's also worth noting that the job placement rate within field of study is generally very high at career colleges because it is specific training that employers are looking for.

There is a set of key performance indicators that are going to be coming out through MTCU later this year that are going to be an updated set of data directly administered through MTCU. That work is being done by Forum Research. It's also important to note that career colleges are actually funding that research and that study, so there's no budgetary impact of that data collection.

1450

There was a research study done in 2012, and the average cost of a community college graduate to the taxpayer is well over \$30,000. There's no direct funding going to career colleges, but students access funding programs directly. The average cost to the taxpayer of a career college graduate is only about \$3,700. So you can see there's a significant gap there between the cost to the taxpayer of training someone at a career college versus a community college. As I mentioned, there is no direct government funding going to career colleges, but there are funding programs that students attending career colleges access.

One of the main themes—we're advocating on behalf of career colleges as well as our students, and one of the things that we advocate is equal access to programs for students, whether they choose to attend a career college

or a publicly funded college or university. So the first thing I wanted to touch on is OSAP.

I wanted to voice that Career Colleges Ontario is very supportive of OSAP's new initiatives to collect the KPI data and to strengthen the eligibility requirements for career colleges to receive an OSAP designation. And we are supportive of their move, as long as it's applied in an equitable manner, to lower the threshold for loan default cost-sharing. Today, career colleges share in the costs of any loan defaults of their students. The Drummond report a number of years ago recommended lowering that threshold so that there is even more cost-sharing involved if there are high OSAP default rates. The career college sector is very committed to working with OSAP to lower those default rates. We do support strengthened accountability to the career college sector, and we support that being phased in and moved forward as they intend to do so.

The comment with respect to OSAP is, there needs to be equal access to funding for students. A good example is that today a student can access funding for part-time studies in OSAP only if they are attending a publicly funded university or college. It's a good example of one of the programs administered by OSAP where it's not equal access to students. There are many great program offerings at career colleges that students could take advantage of that they are not currently taking advantage of because they are not having access to that funding. There is a lot of research that shows that if a student attends their first choice in what they really want to do, they're much more likely to be successful.

The second program that I wanted to talk to is the Second Career program. This is very timely with respect to what's going on with respect to funding and budgeting for this program as it relates to federal government transfers.

The Second Career program actually has very strong outcomes, so we commend the government in creating that program. There are strong outcomes for employment out of that program.

Today, about 60% of all the students who are funded through the Second Career program attend career colleges, and about 40% of them attend publicly funded colleges.

This is a strong system and a strong program. It's currently funded through the labour market development agreement. That's an important distinction, because the federal government has suggested that the labour market agreement, which is a separate pot of money, be reduced in funding transfers, to fund the Canada Job Grant.

If we look at those pots in isolation, there's certainly an opportunity to continue the good work, the things that are working well in the Second Career program, under the labour market development agreement, where the federal government has not suggested there be changes in the funding transfer, and also to get on board with the Canada Job Grant separately. I'll talk about the Canada Job Grant in one moment.

The other thing I wanted to talk about on the Second Career program is there's currently another distinction.

There's no cap on tuition funding if a student attends a publicly funded institution, but there is a cap on a private institution. We would suggest that cap be applied universally. We're suggesting that the cap be applied so that we're not double-funding a public institution because they're receiving capital grants and other grant money at the same time as receiving the Second Career money, at the same time as charging a higher tuition that may be allowed to be charged at a career college. All we're suggesting is that the cap be applied universally. The second item related to that cap is that it has been in place for a number of years now, and we do need to start applying a cost-of-living increase to that cap.

On to the Canada Job Grant: As I said, in the media just yesterday, Minister Kenney, in one of his speeches, announced that it's the federal government's intention to move forward with this program and funding it, even if the provinces don't participate. We're hopeful that Ontario does participate in this program in one way or the other. We'd be happy to continue conversations with how to work out the details of that program, but we're hoping that Ontario participates in this program. We think that it is a good opportunity to put people to work in areas that need work. By partnering with the employer through this program, the program as originally presented—the federal government had said the federal government will kick in \$5,000, they're asking the provinces to kick in \$5,000, and they're asking the employer to kick in \$5,000 to fund a student's training—that's up to; it certainly could be less. They're now saying that even if the provinces don't kick in \$5,000, they will kick in \$5,000 and still ask the employer to kick in up to \$5,000. We generally think it's important that Ontario participates in this program so that Ontarians benefit from this program and benefit to access for in-demand training, as opposed to not participating and potentially seeing more funding flow to other provinces as opposed to Ontario.

The final comment I'll make with respect to both Second Career and the Canada Job Grant is that it's critical that those programs are administered in an efficient manner, and it's very important that the funding is going to training as opposed to overhead of administering those programs. We think there's room for improvement in the Second Career program, and we think it's critical that any implementation of the Canada Job Grant training ensure that funds are going to students and getting them jobs, as opposed to creating too much overhead infrastructure in that program.

In closing, we just want to continue the partnership of career colleges working to address the skills gap that we have in this province to get people back to work, and we look forward to continuing to work with Minister Duguid and his ministry and the Ontario government to ensure that students have access to programs and take training at career colleges that employers are looking for, job relevant, and really get people working in the province.

Thank you very much. I welcome any questions anyone has.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Craig. You've left about two and a half minutes for questions. Donna? Steve?

Mrs. Donna H. Cansfield: Thank you very much. It's fascinating, and I know that career colleges have a role and a place to play in Ontario and the education system. How many students are enrolled in career colleges?

Mr. Craig Donaldson: It's 67,000 a year.

Mrs. Donna H. Cansfield: So 67,000, and of those, how many would you suspect are students from other countries?

Mr. Craig Donaldson: Very few.

Mrs. Donna H. Cansfield: Very few.

Mr. Craig Donaldson: Currently, the MTCU has come up with a new framework for international students. A number of career colleges have applied for designation as a destination school for international students, but it would be a very, very small percentage that are—less than 1%. The vast majority of those students are Ontarians.

Mrs. Donna H. Cansfield: And are most career colleges specific to a particular discipline, or multi?

Mr. Craig Donaldson: It's a fairly diverse sector, so you have a number of career colleges that are larger, that are multidisciplinary schools, and then you have a number that are—generally speaking, but not always—generally smaller and specific, so a truck driving school or a flight school. But you've certainly got a number of large schools that are training in a variety of disciplines, whether it's a variety of pre-apprenticeship and trades type of training or whether it's business technology, health care or law—those types of programs.

1500

Mrs. Donna H. Cansfield: Do you work closely with the federal government at all in terms of immigration or around people who have been in refugee situations vis-à-vis accreditation or getting their credentials?

Mr. Craig Donaldson: Yes, we do work together with them through our national association, the National Association of Career Colleges. It's one of the reasons why the Ontario government has suggested that not all schools should be able to accept international students. There's a lot of issues today with language schools that are not career colleges. I can't really speak on their behalf. With respect to language schools and career colleges, we support the direction of creating designated criteria, as long as it's reasonable, for the acceptance of international students.

Mrs. Donna H. Cansfield: The two restrictions—
Interruption.

The Chair (Mr. Kevin Daniel Flynn): I'm going to have to end it there, Donna; sorry about that.

Mrs. Donna H. Cansfield: Thank you very much for your presentation.

Mr. Craig Donaldson: I'd be happy to answer any follow-up questions that you have.

The Chair (Mr. Kevin Daniel Flynn): Thanks for coming, Craig. Sorry to cut you off there.

WELLESLEY INSTITUTE

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this afternoon is from the Wellesley Institute. Steve Barnes, would you like to come forward and take Craig's seat? Welcome. You have 15 minutes like everybody else; use it any way you like. The questioning this time will come from the Conservatives.

Mr. Steve Barnes: Thank you. My name is Steve Barnes. I'm a policy analyst with the Wellesley Institute. The Wellesley Institute is a Toronto-based non-profit and non-partisan research and policy institute. We focus on population health and the social determinants of health, things like income, housing and health care access.

What I'd like to talk about today is poverty reduction, which has been a real priority for all parties for the last five years. We'd like to suggest that this budget is critical for taking the next step, given that the next Poverty Reduction Strategy will be released very shortly. Given that our mandate is in population health, I wanted to quickly set out the scope of the problem of health inequities and poor health in Ontario.

We know already that today there are twice as many men in the lowest-income group in Ontario who have diabetes compared to men in the highest-income group; it's 2.5 times the figure for low-income women as high-income women. Neighbourhoods with low incomes have higher rates of low birth weights for babies than higher-income neighbourhoods. This is a real problem because being born with a low weight sets children up for a lifetime of poor health. On dental care, only 40% of low-income households in Ontario have access to dental benefits. These differences make a difference to the health of people on a day-to-day basis, but they also have even more fundamental effects in that, in Toronto, men in that lowest-income group live 4.5 years less than men in the highest-income group, and it's a two-year difference for women.

So that's the scale of the problem. Stating it in those terms makes it sound like a huge problem, and it is. The argument that we would make is that by investing in poverty reduction, we can start to chip away at those inequities.

I'd like to start by talking about social assistance adequacy. It's generally accepted that social assistance rates today are set at a level that is too low for people to be able to afford to live a healthy and decent life. There is plenty of evidence in Ontario and from elsewhere about people receiving social assistance and the particular health challenges that they face. That includes higher rates of diabetes, heart disease and other chronic conditions. Chronic conditions are ones that are very hard to manage if you have a low income.

Last year's budget made some significant progress toward reducing poverty in Ontario for people on social assistance. That included a modest increase in the social assistance rates, allowing people to keep more of their earned income and increasing asset limits for people receiving Ontario Works.

That was a good start, and this budget is the opportunity to make further progress on that. As you're all aware, the Commission for the Review of Social Assistance in Ontario reported a couple of years ago now. One of the recommendations that the commissioners made was that there needs to be a \$100-per-month increase to the Ontario Works rate for single adults. That's because that rate is the lowest, and it's inevitable that any singles on Ontario Works are going to be living in deep poverty. Last year's increase to social assistance rates was a start, but we really need to make that \$100-per-month increase, and we would encourage you to consider that.

Another immediate and fairly simple change that could be made to social assistance is the—

Interruption.

Mr. Steve Barnes: Is that the fire alarm?

Interjections.

Mr. Steven Del Duca: I was about to duck, just in case.

Mr. Steve Barnes: All right. I'll talk fast, in case we're going to be kicked out.

Currently in Ontario, for people receiving social assistance, if they are also receiving child support payments, those payments are deducted from their social assistance cheque. We think that that's pretty unfair and that child support payments are intended to help children. To have the amount deducted from the social assistance payment just means that those single-parent families are no further ahead, so the commissioners recommended that child support payments be treated in the same way as earned income. That just means exempting the first \$200 per month and then making any deductions at a 50% rate instead of the 100% that currently exists from the first penny. That's a fairly simple change to make, and it would make a big difference in the lives of low-income families.

I want to turn briefly to housing, specifically housing supports for people who are receiving social assistance. This time last year, the Community Start Up and Maintenance Benefit was eliminated. This was a benefit that was designed for people on social assistance who had large and unexpected housing-related expenses. It helped cover first and last months' rent. It helped cover large hydro bills that maybe weren't expected, or replacing furniture if there was a bedbug infestation—things like that, things that can be the difference between paying rent that month and not paying rent. It was essentially a homelessness prevention program.

The province cut that benefit and passed responsibility to the municipalities. When they passed that responsibility along as part of a broader housing package that municipalities are now in charge of delivering, they only took half of the money that was allocated for that benefit and passed it to municipalities. In response to opposition in 2013, some transitional funding was made available to municipalities, and, in 2013, municipalities were working out their plans.

What we've seen in the last year is that municipalities can't afford to have that transitional funding end, as it's

soon about to. Municipalities have had to enforce fairly strict criteria for accessing supports, partly because they didn't know whether or not they were going to be able to provide help to people through to the end of the year, because it was so uncertain in terms of how much funding they had versus how much demand there was. Ideally, what we'd like to see is the community start-up benefit reinstated, but at the very least we need to make sure that the transitional funding is made permanent.

Minimum wage is the last substantive issue I want to touch on. Minimum wage has been frozen in Ontario at \$10.25 since 2010. At the current rate, it means that people are more or less guaranteed to be living in poverty or near poverty if they're earning minimum wage. In recent years, we've seen an increase in the number of working poor in the province.

If you start from the premise that people who are working should be able to live outside of poverty, which I think is a pretty reasonable assumption, then we need to make some improvements to minimum wage. So what we would recommend is that the minimum wage be benchmarked at 10% above the low-income measure and, critically, that it be indexed to inflation to protect the real purchasing power of people who are in low-wage jobs.

This budget is a critical opportunity to act. With the Poverty Reduction Strategy about to come out, this is the opportunity to really show that you're serious about reducing poverty. One of the reasons that the first Poverty Reduction Strategy was successful in its early years is because the Ontario Child Benefit was backed up with serious investments. We need something similar for this new Poverty Reduction Strategy, and, like I say, this is the budget for it.

Thank you, and I'm happy to answer questions.

The Chair (Mr. Kevin Daniel Flynn): Thank you for coming, Steve. We've got almost six minutes left. Vic?

Mr. Victor Fedeli: Thank you very much, Chair. I quite enjoyed your presentation, Steve, and I thank you.

Now, I realize that you are a Toronto-based organization and you focus on urban health, but have you any data, any thoughts, about the Far North or First Nations, any disparities there that you would care to comment on?

1510

Mr. Steve Barnes: There is plenty of data on the health status—the connections between income and health status are very clear, and that's in Ontario, it's in Toronto, it's everywhere. We know that in the north, the cost of living is very high, and we know that there are particular challenges with First Nations.

Like you said, this is the area that we specifically work in, but when we're talking about the insufficient incomes that many people in Ontario have, we know that there are regional challenges. While I've spoken mainly about the issues in Toronto—and Toronto is a very expensive city to live in—there are challenges in cities and communities all across the province.

With the Community Start Up and Maintenance Benefit, one thing we have found is that for smaller centres in Ontario it has been a real challenge, partly because muni-

cipalities have been given a lot of power to determine what types of programs they would like to offer. Some cities and towns have provided supports; others haven't. So we're in a situation now where the type and the amount of housing support that you get depends on where you live. That was one of the real problems with eliminating that benefit. When it was a provincial benefit that was attached to social assistance, it was consistent, so you got the same level of support regardless of whether you were in North Bay or Toronto or Ottawa or Windsor or anywhere else. Now that's not the case.

The Chair (Mr. Kevin Daniel Flynn): Vic, I need to just jump in here for a minute. If anybody owns a silver Nissan Sentra, BHZF 769, it's going to get towed very shortly if it's parked where it shouldn't be. I hope it's not you, Steve.

Mr. Steve Barnes: It's not me.

The Chair (Mr. Kevin Daniel Flynn): If it's anybody in the audience, the legislative people are going to tow it very shortly.

Go ahead.

Mr. Victor Fedeli: Thank you, Chair.

We've been touring Ontario and all three parties have commented on presentations such as yours with a sentence that usually goes something like, "We all know the best way to eliminate poverty is through a job." As I say, all of us have agreed in the past on that, and certainly this week. Have you looked at any job creation strategies, such as lower taxes or red tape reduction, where businesses will create jobs? Have you considered anything to help job creation in this study, the analysis that you've done?

Mr. Steve Barnes: You're right that having a job is the most important pathway out of poverty. In terms of my research background, I haven't done what you've asked, but there is plenty of evidence that there are significant barriers to getting jobs even for people on social assistance, for example. So we have real challenges for people with disabilities, for example, getting from ODSP into paid employment.

The Commission for the Review of Social Assistance addressed this and they did a good job, but it is a big challenge, right? There are some changes that need to be made in the labour market, for sure. We need employers who are prepared to take people with disabilities on. I don't have the answers for that; I'm not going to pretend that I do.

The fundamental thing is that we need to make sure that the jobs that exist are available, and that they are good jobs, as well. They need to pay decently and they need to have health benefits so that we can get away from the situation where people with low income have those higher rates of chronic diseases and so on.

Mr. Victor Fedeli: Would you consider, in upcoming papers, to look at a chapter on job creation and some of the methods of job creation? Would that be something that you would perhaps consider for future papers?

Mr. Steve Barnes: Absolutely. Our mandate is population health, so if there were a connection—and I'm

sure there is—we would look at that. I'd be happy to talk to you about that.

Mr. Victor Fedeli: My final thought would be—and we've talked about it with so many groups in Ontario over this past week and I know we'll be doing the same next week—on the 10-cent-a-litre gas tax that's being planned throughout Ontario. Do you have thoughts on the repercussions or ramifications, good or bad, that that will have on the people you're referring to in this paper?

Mr. Steve Barnes: It's one of those things where cost-of-living increases are tough when you have a very low income to begin with. So in the same way that a five-cent increase to TTC fares is difficult for people receiving social assistance, a gas tax increase would be the same. The structural problem that we want to get to is the low income to begin with, and that's why we need to look at social assistance rates and minimum wage.

Mr. Victor Fedeli: Chair?

The Chair (Mr. Kevin Daniel Flynn): You've got about 20 seconds.

Mr. Victor Fedeli: I'm going to leave it at that, then. I appreciate your presentation very much. Thanks for the work that you're doing.

Mr. Steve Barnes: Thank you very much. I appreciate it.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Steve, for coming today.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this afternoon is from the Ontario Federation of Agriculture. Neil, please come forward and introduce yourself and your colleague for Hansard.

Mr. Mark Wales: My name is Mark Wales. I am the president of the Ontario Federation of Agriculture. Ted Cowan, my senior energy researcher, is here with me today.

The Chair (Mr. Kevin Daniel Flynn): Oh, we don't have Neil.

Mr. Mark Wales: No, Neil made the reservation. I'm the president; I get to do the talking.

The Chair (Mr. Kevin Daniel Flynn): Okay. You have 15 minutes. If there's any time left over, the questioning will come from the NDP.

Mr. Mark Wales: Thank you. The Ontario Federation of Agriculture appreciates the opportunity to outline the issues impacting farming and the priorities of Ontario's farm community in advance of the next Ontario budget. We note that each party has employment, investment and environmental goals for Ontario. We want to be the ones to help achieve these goals.

The OFA is Canada's largest voluntary farm organization. We represent more than 37,000 farm families across Ontario. We grow for a living, and we grow our businesses too. We are keen to deliver on the 120,000 jobs that the Premier and Minister of Agriculture and Food, Kathleen Wynne, has challenged the sector to create, but

the agri-food sector needs the right tools from government.

Natural gas for rural Ontario: This is really our major infrastructure and long-term request. Extending natural gas to rural Ontario is the best rural investment Ontario can make. It is a game changer. Natural gas will significantly lower energy expenses. For heat, natural gas is only 30% of the cost of electricity and approximately one half the cost of propane, but less than one fifth of Ontario farms and non-farm rural families have access to natural gas. It is wrong that rural families must pay two to four times for heat than what urban families pay. Expanding natural gas across rural Ontario will reduce the cost of heating barns, providing hot water for dairy, drying grain and running greenhouses.

Natural gas in rural Ontario will eliminate the need for over 600 megawatts of generating capacity—that's equal to a large nuclear unit—as folks go off costly electric heat. Natural gas for 500,000 rural Ontario farm and non-farm families will cut their home energy bills by more than \$1,000 per year per household, while 30,000 farms and other small businesses will save even more. This amounts to an energy savings of over \$800 million per year. That money will be reinvested in rural Ontario families and businesses and will generate jobs and growth in local services and in new food processing and manufacturing.

The OFA strongly recommends that the provincial government commit to a long-term public-private sector partnership to expand natural gas infrastructure in rural Ontario, starting with the 2014 provincial budget.

The OFA suggests public infrastructure investment cover about 35% of the cost of buying and installing pipe over the next 20 to 25 years, at a targeted rate of 5,000 kilometres of pipe per year. Gas companies would pay the remaining 65% of new rural gas line costs. The OFA proposal is designed so that no customer on an existing gas line would pay more as a result of extending rural service.

Property assessment and taxation: The OFA appreciates parliamentary secretary Steven Del Duca's Special Purpose Business Property Assessment Review, especially the recommendations respecting grain elevators. The OFA encourages the government to implement the recommendations in the report of the Special Purpose Business Property Assessment Review as soon as possible. The OFA agrees that clearly defined processes and procedures can strengthen MPAC's farm assessment methods, including improved sales verification and use of an adequate sample size, by expanding the geographic area and sales period.

Provincial transfers to municipalities: The OFA believes the portion of taxes raised from property is inappropriate, as property taxes should finance services to property and not services for citizens. Given limited tax authority and reductions in the real value of transfers from Ontario, municipalities raise taxes to cover services to citizens as well. This results in non-competitive taxation of land-based industries such as agriculture.

1520

The OFA recommends that provincial transfers to municipalities be increased so that municipalities do not have to excessively tax property. In addition, or in the alternative, the province could phase out property taxes for education.

Ontario must ensure that Ontario farms and rural businesses have access to physical infrastructure capable of handling current and future needs and that rural Ontarians have services and infrastructure comparable to their urban counterparts. Provincial investments are needed to ensure rural Ontarians have comparable access in health care, education, child care and services delivered by municipal governments.

The Local Food Act: The OFA believes the Local Food Act is a big plus. OFA will work with Ontario to have Ontario food available to Ontario consumers. The OFA recommends additional funding and expertise be made available to enable hospitals, schools and other public sector institutions to purchase and use more Ontario-grown food. At the same time, food literacy needs to be enhanced in our schools.

Risk Management Program funding: The OFA requests that the Risk Management Program cap of \$100 million be reassessed and raised to enable more adequate risk management capacity. Farmers manage most risks on their own. A small minority of farmers claim for crop insurance or income stability through other programs, but when markets go south, the RMP has to be there, with government sharing the market risk with farmers.

In 2012, the provincial contribution to the RMP was capped at \$100 million. This limits covered losses severely and results in payment delays. The cap places a much higher level of market risk on Ontario farmers than in competing jurisdictions.

Minimum wage: Although this is not a budget item, it is still a critical issue for the competitiveness and growth of Ontario farming. Farmers want to reduce poverty, but feel the use of minimum wage is and will be counter-productive. Jumps in minimum wage reduce seasonal and youth employment, guaranteed.

The OFA urges the government to try poverty reduction strategies that work:

- focus on full employment and sustainable growth in the economy;
- reduce income tax on low-income households;
- re-tune welfare and reduce clawbacks on support programs;
- support long-term care;
- improve support for child care;
- facilitate affordable housing and transit; and
- enable access to affordable education.

Agricultural research: Ontario's budget for agricultural research has languished for 18 years. Support is lower in dollar terms than it was in 1994. In inflation-adjusted dollars, it is one sixth of what it was then. The Ontario government should immediately increase funding for university-based agricultural research to \$100 million per year.

Research works. OFA organized and managed a \$3-million research project funded by the Agricultural Adaptation Council to discover new and innovative uses for biomass. Ontario is an emerging bioeconomy, and examples such as the Lanxess and BioAmber plants in Sarnia highlight the value of boosting ag research.

OFA sees the key government expenditures and policies highlighted in this submission as prerequisites to doubling the agri-food sector's growth rate and creating 120,000 more jobs by the year 2020. OFA has proposed short- and long-term initiatives to grow sustainable farming and agri-food firms and sustainable growth across our rural economy. Number one for us on this list is getting natural gas extended to the countryside. There will be power conservation and savings in over half a million families that will drive investment. Having gas and great food together will lead to food processing jobs. The very significant benefits of natural gas will fuel growth. Please put rural natural gas lines in the upcoming budget.

Ontario farmers are here for the long haul. We are pleased to work with you, and we are glad that you listened to us. Thank you, and I look forward to your questions.

The Chair (Mr. Kevin Daniel Flynn): Great. Thank you very much for your presentation. Jonah? Michael? About six minutes.

Mr. Michael Prue: Six minutes, okay. Let's start with the natural gas. Natural gas is found in every city, every town because the natural gas companies can make a profit. They can put in the lines, sell the gas and know that they're going to recoup their losses. Can they recoup their losses—that's the question I have—in rural communities, where farms might be set a kilometre or so apart? Is that the reason they are not there, that they can't make any money off it?

Mr. Ted Cowan: That is the reason they are not there. Ontario has a single price system for all of Ontario, essentially—one slightly different for Union, one slightly different for Enbridge, but that's that. We're proposing that the Ontario Energy Board certify a separate price for the new rural gas lines. The distribution costs will be higher, but the savings will still be there. So if a person is on oil, right now they're paying about \$2,500 a year; well, they'd be paying about \$1,750. If they're on propane, they're paying over \$3,000 a year for heat; they'd be paying about \$1,750. And if they're on electric heat—

Mr. Michael Prue: I don't even want to think about that.

Mr. Ted Cowan: —they're paying \$5,600-plus; they'd be at \$1,750. That's \$4,000 a year in savings for that family. It's 10% of their after-tax income for an ordinary family and more for lower-income families. This is a massive benefit for rural Ontario.

Mr. Michael Prue: No, no, I know how important it is.

Mr. Ted Cowan: And it will pay the way. I've spoken with the Union president and their senior VPs and the

Enbridge president and his senior VPs. They tell me this is our number one priority in Ontario.

Mr. Michael Prue: Okay, so what do we need to get the Ontario government to do it? Because, as I understand it, in the past Enbridge and Union laid the pipe. They paid the costs, and then they recouped the profits.

Mr. Ted Cowan: And they get it from the customers.

Mr. Michael Prue: Yes. But you're asking the budget committee—for us to do something.

Mr. Ted Cowan: Here's the arithmetic.

Mr. Michael Prue: Okay.

Mr. Ted Cowan: You need as close to everybody as you can get, which means the people who are going to be the holdouts are the people on oil, because they have the least to save. So you've got to have that roughly 30%, 35% of public dollars—roughly \$70 million a year for 20 years—that goes into the pot. That keeps the rate low enough that the guys on oil still save and they get in, and Union and Enbridge then assuredly get their rate of return, and everybody out in the countryside—probably not the west end of Manitoulin, but where the density is over six or seven customers per kilometre, and that's the vast majority—they'll get gas.

Mr. Michael Prue: That was my next question. It would seem to me that south of the French River, it would probably work; throughout all of Ontario north of that, maybe not so much.

Mr. Ted Cowan: There will be scattered pockets outside Kenora and Rainy Lake and—

Mr. Michael Prue: Timiskaming, probably.

Mr. Ted Cowan: —bits and pieces along the Trans-Canada.

We have just had a call actually earlier this morning. A fellow was proposing that for the areas that can't be served with gas—they thought that a solar heat option would work for those people as well.

Mr. Michael Prue: Okay. Have I still got time?

The Chair (Mr. Kevin Daniel Flynn): Yes, you've still got a couple of minutes.

Mr. Michael Prue: The next question: You weighed in on the increase in the minimum wage. You've come along with a whole bunch of socially progressive stuff in lieu of the minimum wage, and I commend you for that. But the rationale for the minimum wage, I'm having a little bit of—I'm not having a problem, because it's going to cost farmers a good deal of money to up the amount that is paid, because a lot of our minimum wage workers on the farms are migrant labourers who come from Mexico and Jamaica and stuff like that. Does that have any bearing on the reluctance to see the costs go up?

Mr. Mark Wales: No, actually, only about 20% of employees on farms are actually part of the offshore labour program. The other 80% are Ontario workers. The biggest challenge, of course, for our industry is that we're price takers, not price setters. We live in the Walmart world where they say, "We'll buy what you grow at this price. If not, we'll bring it in from Peru, Chile, Ecuador, Mexico, China, wherever." That's the reality. We have to compete—unfortunately and frustratingly, from our per-

spective—against countries that have a dollar-an-hour wage and, in some cases, a dollar-a-day. That’s the challenge.

So as I mentioned, substantial raises in minimum wage to agriculture will simply result either in the job disappearing or they’ll result in mechanization. A farmer will have to look at, “Do I grow that crop or not? Or do I simply grow a crop where I don’t have to hire anyone?” And that’s sad, because we have the greatest range of agriculture products grown in this country: over 200 different crops and commodities. Of course, agriculture is a really large employer. The horticulture sector would be hit the hardest with any raise in the minimum wage.

Mr. Michael Prue: Okay, and just in terms of that, should the government, in its wisdom, raise the minimum wage and you are required to pay it—I don’t want to put any farms out of business or farmers, because I believe in local food and production. Would a subsidy, or an equivalent to that, help or would it offset it?

1530

Mr. Mark Wales: I believe the submissions that we made to the minimum wage panel back on November 1 included the suggestion of a special agricultural minimum wage, if there was to be an increase. The big challenge is—I think we’ve seen lots of suggestions that a model going forward be based on the CPI. The worry is, what happens if there’s a big jump first and then a CPI introduced? That would cause a problem.

Mr. Michael Prue: Thank you so much.

The Chair (Mr. Kevin Daniel Flynn): Thank you, gentlemen. Thank you, Michael.

Mr. Mark Wales: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you for coming today.

GAMMA-DYNACARE MEDICAL LABORATORIES

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this afternoon is Naseem Somani. Naseem, if you’d like to come forward, from Gamma-Dynacare Medical Laboratories. The floor is all yours. You have 15 minutes; use it any way you see fit. The questions this time will come from the government side.

Ms. Naseem Somani: Thank you, Mr. Chair. Good afternoon, ladies and gentlemen. It is my pleasure to speak to you today on behalf of Gamma-Dynacare Medical Laboratories as the Ontario government contemplates the 2014 budget.

Gamma-Dynacare has been providing community laboratory services to the people of Ontario since 1968. Today, our company has four reference laboratories located in Brampton, Bowmanville, London and Ottawa, and a network of 95 specimen collection centres right across Ontario.

We currently employ 1,800 people in Ontario, many of whom are highly trained, highly skilled health care professionals. Our people do an excellent job of taking care of people. Our quality is very high, as are our patient

satisfaction ratings, and our error rates are extremely low. The work we do for patients is too important for these numbers to be otherwise.

To give you a sense of the size and scope of the community laboratory sector in Ontario, in 2013 the community lab sector provided 137 million medical tests for 17 million patient visits ordered by approximately 17,000 physicians. Today, as the practice of medicine has evolved and the use of technology in health care has increased, 80% of medical decisions are based on diagnostics, including labs and medical imaging. Within that number, 70% of medical decisions depend on lab results.

Of course, any discussion about Ontario’s health care inevitably includes big numbers. After all, the Ministry of Health and Long-Term Care’s budget is right around \$50 billion this year, a significant portion of the Ontario government’s \$125-billion 2013 budget.

I would also like to share a small number with you: 1.3%. No, that’s not the funding increase that I have come here to propose; 1.3% represents the percentage of Ontario health and long-term care’s budget currently spent on community labs. Even though the current government has done a good job of flattening out the cost curve of the Ministry of Health’s budget, the percentage of that budget allocated to community labs has actually decreased.

Members may or may not know that the community lab sector operates within an industry cap. That is, the funding amount allocated to community labs is fixed every year. We also operate within a corporate cap, where each lab company is allocated its respective share of funding. Once those funds are exhausted, we cannot and would not turn patients away. We take care of people first and try to make the numbers work. A good example of this was during the SARS crisis of the last decade, when my company and the others were pressed into emergency mode and were not compensated one extra penny for the work we did during that difficult time. A few years later, when the Ontario government embarked on its successful unattached patients initiative, connecting people with primary care providers, we saw a spike in patients. We did not receive any additional funding when we had a 21% year-over-year increase in testing volume. And every patient received high-quality lab services.

Notwithstanding this, our sector had to endure a \$22-million cut when the government and the Ontario Medical Association negotiated the last physician services agreement and decided, with no opportunity for input from us, that ordering fewer lab tests would be in order. We were not a party to that agreement but have to live with the consequences of it: no additional funds when volumes increase, but a cut when volumes are expected to decrease. You will understand if we feel some anxiety as the government sits down to negotiate their next deal with the doctors later this month.

My reason for being here today is simply to ensure that you and the government note that this climate and

these decisions are causing us and the people of this province to miss out on the full potential of the laboratory sector, and the benefits not being derived. Every objective analysis confirms that community labs are far more efficient than hospital labs and public health labs. The capped-funding model has forced us to become extremely efficient.

More importantly, companies like ours have access to and the ability to deploy the latest technological advancements that, quite frankly, people who live an hour's plane ride away from here are benefiting from every day. Community labs can also play a very meaningful role in the management of chronic diseases such as diabetes and kidney disease. We could play a much more meaningful role in medication management, reducing the multiple attempts it sometimes takes to get the right prescription. We can continue to increase access for patients in small and rural communities at minimal cost.

Members may not know this, but despite our capped situation, on multiple occasions in the last decade, community labs have opened new access when patient collection centres have been closed by hospitals or doctors have refused to continue to take samples—all of this with no promise or realization of increased funding.

Let me be clear. I am not here saying, "Give me the funding and I'll solve all the health care system problems." On the contrary, I'm not asking for an increase at all. What I am asking is to give us funding certainty. Give us predictability. Commit to us that we will not see further funding reductions. Work with us so that we can deliver innovation, efficiency and first-class health care. Talk to us before making decisions that will affect lab services. Treat community labs as valuable assets and partners who can be trusted and collaborated with, not as expenses to be minimized and managed.

Lab services are not a commodity. We provide vital clinical support to the health care system that relies on us millions of times each day to make the right decisions for patients.

Up until a couple of years ago, our association, the Ontario Association of Medical Laboratories, used to sit down with the government and work out a two-, three- or four-year service agreement or contract. During that process, the government would lay out not only a funding arrangement, but also the policy objectives to be met over those two, three or four years. In turn, our industry would spell out not only our requirements, but also what else we had to offer. I would urge decision-makers to reinstate that contract process if you want labs to reach their potential and extend full benefit to patients. I don't think anyone, in any business, would make substantial investments in a climate where your revenues can never go up, but they might, and probably will, go down.

Our business is growing across the country. We're making new hires, investing in new laboratories and technologies. But Ontario has stalled under a paralysis of uncertainty and short-sighted cost-cutting. We want that to change because we are a proud Ontario company that wants to maximize the value we can bring to the province.

I want to thank you for the opportunity to present today and look forward to answering any questions.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Naseem. You've left about five minutes—actually, almost six minutes. Steve first, then Donna.

Mr. Steven Del Duca: Thanks very much, Chair.

Thank you for being here and presenting to us today and for a very thoughtful presentation. I had a couple of questions.

One is, in terms of the services that are provided by community labs in the province, could you elaborate a little bit about whether or not it would be possible for any particular types of testing or services to be enhanced in the province? Could you explain a little bit more about that from your perspective?

Ms. Naseem Somani: Yes. Diagnostic technologies are exploding, especially after the discovery of the human genome. So genetic testing and molecular diagnostic testing have become quite commonplace in other jurisdictions and standard of care in many jurisdictions.

1540

In Ontario, the genetic centres are quite limited, and access for community patients to those tests is quite difficult. If funding was assured and secured, companies like ourselves, and certainly I can speak for Gamma-Dynacare, would be very prepared to invest in bringing those technologies and making them available to Ontarians, because the standard of care is changing.

Mr. Steven Del Duca: Right. So what are the primary or major impediments to—

Ms. Naseem Somani: Regulatory and funding.

Mr. Steven Del Duca: Right.

Ms. Naseem Somani: I can set up a genetic test today, but who's going to pay for it, the patient? If a physician orders it—access to tests like the BRCA test or even CF testing, which are very commonplace in other jurisdictions, is quite a convoluted process. They've become very routine, and we've limited and constrained access. I think that Ontario needs to modernize in many respects. Some of the new tests are much more specific and sensitive and can replace some older tests, because we do need to enhance the knowledge and technical skills of our people.

Mr. Steven Del Duca: Great. Thank you. Donna, I don't know if you have any—no? Great.

The Chair (Mr. Kevin Daniel Flynn): You've got about three minutes.

Mr. Steven Del Duca: I think we're good.

The Chair (Mr. Kevin Daniel Flynn): Everybody's happy? You made everybody happy. Thank you very much for coming today. It was appreciated.

Ms. Naseem Somani: Thank you.

ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this afternoon is from the Elementary Teachers' Federation of Ontario. If you'd like to come

forward and take your seats. If you could each introduce yourself as you speak so Hansard knows who is speaking at what time, that would be really appreciated. You've been here for a while so you know what the rules are: 15 minutes, use that any way you see fit. If there's any time left over, it will go to the Conservative Party for questions.

Welcome. The floor is all yours.

Ms. Susan Swackhammer: Thank you. I'm going to make it a little easier for you. I'm going to do all the talking.

The Chair (Mr. Kevin Daniel Flynn): Okay.

Ms. Susan Swackhammer: I'm Susan Swackhammer, the first vice-president of the Elementary Teachers' Federation of Ontario. To my left is Victoria Réaume, who is our brand new general secretary, and to my right, Vivian McCaffrey, a member of our staff, and I know you all know Vivian.

ETFO is looking to the government to develop a budget that adopts a more equitable approach to addressing the deficit and fostering economic growth. The 2013 budget confirmed that one-time savings from the cuts to teacher sick leave and retirement gratuity provisions contributed \$1.1 billion to the \$5-billion drop in the estimate for the 2012-13 deficit. The 2013 budget also reported that Ontario public sector settlements are now below those in the private sector, the municipal sector and the federal public sector.

Education sector employees have felt the full brunt of the province's public sector retrenchment policies. In spite of the former Premier's rhetoric about asking teachers and other education employees to simply take a two-year pause in their wages, ETFO members, together with their colleagues in education, have been dealt actual salary cuts and permanent reductions to their sick leave and retirement benefits.

After two years of public sector compensation cuts, it's time for the province to focus on sustaining public services that provide fundamental services to all Ontarians. During this period of manufacturing job loss, a strong public sector also has an important role to play in ensuring there are good middle-class jobs that contribute to the provincial treasury and fuel our economic recovery.

ETFO's recent fight against Bill 115, the Putting Students First Act, 2012, was, above all, a fight to defend free collective bargaining. While that fight is now proceeding as a challenge through the courts, and the bill has been repealed, we face the prospect of future provincial governments implementing anti-union policies such as so-called right-to-work-for-less legislation. This policy would fundamentally undermine the ability of unions to ensure fairness in the workplace, protect the health and safety of workers, and negotiate improvements to working conditions and benefits that ultimately set standards beyond unionized workplaces. Over decades of union struggle, Canadians now benefit from an eight-hour day and the weekend, workplace health and safety legislation, unemployment insurance and employ-

ment standards, public pensions, national health care, income support for new parents, training for unemployed workers, minimum wages, protections for injured workers and equal pay for equal work.

Union collective bargaining has ensured a more equitable distribution of wages and benefits than would have been the case otherwise. A recent study of 20 OECD countries found that a 1% increase in union density is associated with a 1.5% reduction in incidence of low-wage employment. As Canadian economist Andrew Jackson writes, "As middle- and working-class living standards are squeezed and society becomes more unequal, the economy becomes much more unstable and crisis-prone."

Anti-union policies such as right-to-work-for-less would contribute to a further loss of the middle-class jobs that have traditionally fuelled our economy and would weaken the tax base that supports our public services. In actively fighting against such anti-union policies, ETFO members are not just fighting for themselves, but they're standing up for their students' future ability to have jobs that are fairly compensated and governed by rules that respect the rights of both the employer and the employee.

The Liberal government has increased education funding since taking office in 2003, but the additional funding has only gone partway in addressing the \$2 billion in cuts imposed by the former Progressive Conservative government. Much of the funding increases since 2003 have supported important new initiatives like the reduction in primary class sizes and the introduction of full-day kindergarten. The 1.5% increase to education funding in 2012, for example, was virtually taken up with the continued rollout of full-day kindergarten. At the same time, the ministry implemented \$500 million in cuts resulting in job losses and program cuts at the provincial and school board levels.

I hope my opening remarks have set the context for ETFO's recommendations, which I'd like to walk you through now.

A number of key classroom supports were casualties of the education cuts in the late 1990s and haven't been fully addressed by the Liberal government. ETFO recommends that the government increase funding for educational assistants, behavioural counsellors, psychologists, and speech and language pathologists to better meet the needs of students.

There has been a significant increase in the number of students who don't speak either official language when they enter school, including students who are born in Canada. The grants should better reflect this situation. There is also a need to ensure that second-language grants are actually spent to support these learners. ETFO recommends that the government expand funding for English-language learner programs and English-as-a-second-language teachers to meet the language acquisition needs of English-language learners, and require school boards to spend the English-language learner funding as specified in the grants.

Full-day kindergarten is an important initiative. ETFO members are working hard to ensure that the program is

successful, but there are a number of implementation issues that need to be addressed and which have been identified by government-sponsored research. ETFO recommends that the government reduce full-day kindergarten class sizes to the same level as other primary grades; increase funding for kindergarten learning resources and equipment; and allocate funding for professional development to support the full-day kindergarten teacher-designated early childhood educator team and to support joint planning time.

The government's lower class sizes for primary grades is another important education initiative that has contributed to teachers' ability to meet the needs of individual students. Smaller classes contribute to improved student behaviour and peer relationships and to improved student engagement and academic achievement. It's time to address class sizes in grades 4 to 8 and extend the benefits of smaller classes to students in these grades. ETFO recommends that the ministry allocate funding to lower class sizes in grades 4 to 8 and that the Ministry of Education allocate funding for professional development to support teaching strategies in smaller classes.

Ensuring that our school communities are safer and healthier places to learn and work is an important factor in student achievement and educator excellence. The quality, frequency and duration of legislated health and safety training vary considerably among school boards across the province. ETFO recommends that the Ministry of Education allocate funding for the health and safety training of principals and educators to ensure that school boards meet the requirements of the Occupational Health and Safety Act and the Education Act.

Much of ETFO's submission addresses areas where the government needs to increase its investment. We do have recommendations for cost savings. Over the past several years, ETFO has recommended that it's time to change the student assessment regime and to save funding by either cancelling EQAO assessments or moving to a random-sample model. There is increasing support among educational experts for this policy. ETFO recommends that the government require that EQAO move to a random-sample model of student testing

1550

ETFO believes it's time for Ontario to move toward a single, secular public school system that respects French-language rights. Savings could be found particularly in small, rural communities where there is often an insufficient number of students to effectively provide a full and viable program and where there are school buildings with empty classrooms. The increasing diversity of Ontario's population also makes it difficult to defend a school system devoted to one religion. ETFO recommends that the government take steps to move toward a singular, secular school system in Ontario that respects French-language rights.

Finally, as we remarked at the beginning of our presentation, ETFO is looking to the 2014 budget to address the growing income gap and economic inequality in this province. In that vein, we recommend the following:

—that the government intensify its focus on meeting its poverty reduction target;

—that the hourly minimum wage be increased to \$14 and indexed to inflation;

—that the funding for child care be increased to more effectively address the current instability in the sector; and

—that the 2014 budget introduce personal and corporate income tax measures to address the growing income gap in Ontario. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Susan. You've left about five minutes for questions. Vic.

Mr. Victor Fedeli: I grew up in North Bay, and we learned never to question our teachers, so I thank you very much. We fully understand your position.

The Chair (Mr. Kevin Daniel Flynn): Any others?

Mr. Victor Fedeli: No; that's it. Thank you.

Ms. Susan Swackhammer: That was a job that I apparently did well in North Bay, even though I never taught there.

Mr. Victor Fedeli: Mrs. Gregory did. A shout-out to Mrs. Gregory, who's still with us, my grade 1 teacher.

Ms. Susan Swackhammer: Oh, excellent.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today; it was appreciated. Thank you for the presentation.

ONTARIO BIOSCIENCE INNOVATION ORGANIZATION

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this afternoon is from the Ontario Bioscience Innovation Organization. Gail Garland?

Interjection: She has just run to the washroom.

The Chair (Mr. Kevin Daniel Flynn): I guess this is a bio-break. Is Jamie Rilett here?

Mr. Victor Fedeli: She's back.

The Chair (Mr. Kevin Daniel Flynn): Come on forward. We caught up a little bit ahead of time, so you're up.

Ms. Gail Garland: Here?

The Chair (Mr. Kevin Daniel Flynn): Anywhere you're comfortable. Thanks for coming, Gail. Make yourself comfortable there. All delegations are being given 15 minutes; use that any way you see fit. The questioning this time around, if there's any time left over at the end of your presentation, will come from the NDP.

Ms. Gail Garland: Good afternoon. Thank you for giving me the opportunity to speak with you this afternoon. I am Gail Garland, the president and CEO of the Ontario Bioscience Innovation Organization. I'm here this afternoon to discuss with you some recommendations for encouraging growth in Ontario's human health, technology and bioscience sector.

The Ontario Bioscience Innovation Organization is a not-for-profit, membership-based organization engaged in the development of an integrated health innovation economy for Ontario and one that will become a global

leader in providing health technology products and services to the international marketplace. OBIO advances this goal through advocacy, promotion and strategic leadership and via collaborative partnerships with industry, academia, patients and government

Ontario's bioscience industry is a key pillar of the knowledge-based economy and the bridge between economic development and health care solutions for Ontarians and people worldwide. The benefits of a vibrant Ontario bioscience industry are health, jobs and economic return, which accrue to Ontario and Ontarians.

The industry recognizes the fiscal challenges that face the government, and the industry's priorities align with government's priorities to strengthen Ontario's economy, employ the best-educated, most innovative workers in the world and provide efficient health care solutions.

Today, we will put forward recommendations that would help make Ontario's life sciences sector both sustainable and competitive. These recommendations come from the consultation of OBIO's membership and reflect industry's focus on creating more knowledge-based jobs in Ontario and developing important health-based solutions.

Our first recommendation is to expand CAAP from its pilot year. The OBIO Capital Access Advisory Program, or CAAP for short, is a distinctive program designed to address the financial challenges faced by Ontario's innovative bioscience companies when moving from seed to larger financing rounds. Led by a steering committee of experienced life sciences venture capitalists from Canada and the United States, high-potential Ontario bioscience companies participate in the program, with a view to improving the probability of financing and building successful Ontario companies. Key goals are identified for each company, which could include areas such as intellectual property strategy, product and marketing strategy, business plan development or investor presentation development. In addition to the steering committee, subject matter experts serve as advisers to each CAAP company and provide targeted, goal-focused advice. These advisers include expert legal, enterprise management, health care analysis, pharmaceutical venture capital, product development, manufacturing, regulatory, licensing, marketing and communications, exporting and governance professionals who mentor and share their expertise with CAAP companies.

While enrolled in CAAP, we have also seen several companies create highly skilled jobs as they build their businesses and look ahead to accessing additional capital.

The Ontario Ministry of Research and Innovation has been an important supporter of CAAP in its pilot year.

Based on the successes we have seen thus far, including positive feedback from the steering committee, advisers and companies, we look forward to building on the 2013 pilot year and expanding the OBIO Capital Access Advisory Program in 2014. We urge the government of Ontario to continue to support this unique and vitally important program supporting Ontario's high-potential bioscience companies.

OBIO's second recommendation relates to accelerating the adoption of innovative technologies developed by human health technology companies to benefit Ontarians, the health care system and the economy.

OBIO's report titled *Realizing the Promise of Health-care Innovation in Ontario* was released late last year. The report describes two key pathways that flow from adopting innovation to address the challenges of rising health care costs in the face of a shrinking tax base in Ontario. The first pathway is to use innovation to control spending, by pursuing economic efficiencies that in turn address the need for access, better outcomes and reduced costs. The second pathway is to build a robust industry and commercialize innovation to build tax revenues by strengthening the private sector to create jobs, exports and investments. If Ontario is able to demonstrate an open and transparent mechanism for adopting new value-added innovations, then local companies will be enabled to further invest and develop priority products and systems.

The trend of companies shifting and often relocating to larger markets can also be stemmed with a strong mandate to support the development and adoption of health technologies in the province of Ontario. With the adoption of new technologies, companies can continue to focus on the introduction of novel products into foreign markets and the ongoing export activities that define the successful innovation-based companies we wish to grow in this province.

Attraction of foreign products and companies to the region will also ensure that the best products are available to Ontarians, that international companies will establish a long-term presence in the province and that multinational corporations engaged in Ontario will also better align with the health priorities identified by government. The outcome will be positive change to the economic picture and to the health and prosperity of Ontarians.

Our third recommendation is a capital gains tax credit on investment returns for individual investors in private companies. OBIO recommends a provincial capital gains tax credit specifically targeted at the high-risk, high-potential-growth life sciences industry.

A capital-gains tax credit supports and encourages business investors to provide the critical factors necessary to support Ontario businesses and the economy, including providing a financial incentive, albeit sometime in the future, thus encouraging investment. The tax benefit will be realized only if the investment yields a realized return. This, therefore, encourages investment only in those companies that investors think will succeed and will yield a capital gain, thus encouraging careful selection and management support and contribution.

One of the most pressing challenges that SMEs face is access to risk capital at the early stages. Once funds from the government, family and friends are exhausted, individual arm's-length investors are a key source of capital for early-stage companies. Whether developing pharmaceutical drugs, medical devices or diagnostics,

companies in this phase have disproportionate difficulty in attracting investors compared to their counterparts in other countries like the United States and Australia. This may be due to the high-risk nature of the venture and the amount of time it takes to realize a gain from investment that domestic investors are generally uncomfortable with compared to their foreign counterparts.

1600

The establishment of a tax credit for capital gains in high-risk industries like the human health technology industry will allow more projects to clear the investment hurdle rate and allow for an increased number of investments. Taking into consideration that only a small portion of the government's revenue is raised through capital gains taxes, eliminating this tax on investments in private bioscience companies makes practical sense.

Job creation and also revenue from corporate profit are reasons why the government should consider eliminating this tax via a tax credit. From the viewpoint of investors, a capital gains tax credit provides additional incentive to invest their wealth and time into risky ventures. From the entrepreneur's perspective, they gain access to individual investors and the wealth of experience that they can bring to a business.

Finally, OBIO would like to provide input on two topics contained in the fall economic update of 2013. On the topic of replacing existing provincial R&D tax credits with an incentive that would reward incremental R&D spending, OBIO recommends that the province leave existing R&D tax credits in place and add an incremental R&D incentive for companies that spend above a certain baseline amount. This hybrid approach supports increased overall levels of R&D and supports firms with high R&D growth.

OBIO believes that replacing provincial R&D tax credits with an incentive that would reward only incremental R&D spending would be detrimental to life sciences companies. For example, replacing provincial R&D tax credits to reward only incremental R&D spending will be detrimental to pre-revenue or early-stage life science companies with a small amount of revenue that depend on SR&ED tax credit refunds as an important source of funds used to operate their businesses.

Also, replacing provincial R&D tax credits to reward only incremental R&D spending will be detrimental to life sciences companies that do not significantly increase their R&D spending year over year. Without the benefit of R&D tax credits, companies may reduce their R&D spend and lay off staff. Companies that operate at a relatively steady state of R&D spending in one or more years are particularly vulnerable because of the nature of their businesses or where they are in their business cycle.

Our second comment is on the topic of "pay or play" tax incentives. OBIO recommends the institution of financial tax incentives for employee training by corporations. This would significantly enrich the life sciences workforce, creating opportunities for highly skilled workers by giving them the necessary skills to succeed.

In order to encourage economic growth, OBIO recommends the province provide incentives for investment in

equipment for life science companies and consider additional incentives for companies that invest in R&D equipment manufactured in Ontario.

OBIO supports the government's desire to increase investment in new equipment or other eligible investment expenses; and to support employee training and training programs. However, instituting "pay or play" tax incentives may increase overall costs for businesses operating in the life sciences sector and should be avoided.

Recent employer research has identified that new hires often have skill deficiencies as well as a lack of professional and other soft skills. Investments in on-the-job training will address this and ensure that highly skilled researchers are successful working outside of the university setting and make significant contributions to Ontario's economy.

Incentivizing Ontario companies to invest in equipment provides competitive as well as economic and productivity benefits for Ontario.

Thank you for the opportunity to speak with you this afternoon.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Gail. You've left about two and a half minutes for questions. Michael? Jonah?

Mr. Michael Prue: First of all, rather than questions, I just want to make sure, because this is highly complex—I think most of the people around here have just listened to you, and when you talk about tax policy and this kind of thing, our eyes glaze a little. But I want to make sure, because it may be very important, that a copy of this deputation is sent to the Ministry of Finance, particularly the tax people, who can look at this line-by-line and understand all the nuances, which I don't think—

Interjection.

Mr. Michael Prue: Yes. I might be wrong, but certainly as a 10-year veteran, I have not seen such a detailed request on income tax policy and tax policy. So let's make sure that's done.

But the one question that I do have, and I've only got maybe a minute and a half left now: Last year was a pilot year for 2013. How much money was expended? How much money was received by bioscience groups to continue? We're looking at the budget; if, say, \$5 million was spent last year, you're anticipating extending it and it's the same next year, we need to know that.

Ms. Gail Garland: Through the CAAP program?

Mr. Michael Prue: Yes.

Ms. Gail Garland: I hope you'll be impressed by how incredibly efficient we are. We ran the CAAP program last year with a very generous grant from the Ministry of Research and Innovation of \$250,000.

Mr. Michael Prue: The whole thing?

Ms. Gail Garland: The whole thing.

Mr. Michael Prue: And you're just asking that this be extended for another year, so—

Ms. Gail Garland: We're actually asking to increase it this year, so we can put more companies through the program.

Mr. Michael Prue: Okay, but do you want a slight increase, a big increase or to double it? What are you looking at?

Ms. Gail Garland: Close to double.

Mr. Michael Prue: Okay.

Ms. Gail Garland: And that would also more than double the number of companies that we can put through the program.

Mr. Michael Prue: All right. So, in terms of a budget of \$130 billion, this is a relatively small amount of money that you're looking for.

Ms. Gail Garland: Yes.

Mr. Michael Prue: Okay. Well, then that would be my question. I think that's all we need to know.

The Chair (Mr. Kevin Daniel Flynn): Great. Thank you, Michael, and thank you for coming, Gail. We appreciate it.

Ms. Gail Garland: Thanks very much.

CANADIAN RESTAURANT AND FOODSERVICES ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation today is Jamie Rilett. Jamie, you're here?

Mr. Jamie Rilett: Yes.

The Chair (Mr. Kevin Daniel Flynn): Come on forward. Good to see you again, from the Canadian Restaurant and Foodservices Association. Like everybody else, you have 15 minutes. Use that any way you see fit. Introduce your colleague, and the questions this time, if there's time for questions, will come from the government side.

Mr. Jamie Rilett: Excellent. Thank you, Chair. Thanks for the opportunity to talk to you today. My name is Jamie Rilett. I'm the vice-president, Ontario, for the Canadian Restaurant and Foodservices Association. With me is Doug McCallum; he's the environment and sustainability manager for the CRFA.

You all know the importance of our industry. We're at \$25-billion in sales a year, 7.5 million visits per day, 425,000 people directly employed in our industry and 90,000 indirectly. One in five youth between the ages of 15 and 24 are employed in our industry, and 22% of Canadians had their very first job in the restaurant industry. This is in addition to the \$9 billion in food and beverage products that are purchased every year.

Despite these successes, there are a number of issues facing our industry. Labour costs, food costs, beverage alcohol systems, pension reform and environmental issues all face us currently.

I'd like to first touch on the minimum wage discussion. We presented to the minimum wage panel, but I do think that it's important to reiterate, because our members are the largest employers of youth, and labour is their highest cost.

The government has challenged the industry to create jobs. We intend to do that. We are the employer of youth and first-time employees. We provide training skills that are valuable throughout their careers. We believe that

artificial and arbitrary minimum wage increases hinder the industry's ability to create these important jobs. We feel that tying the minimum wage to a quantifiable measure such as CPI is preferable to the current method that forces industry to adapt to large increases.

Increases directly lead to a reduction in hours and number of employees, as in some cases it puts businesses in jeopardy. As minimum wage rose at a much greater rate than inflation, we believe a catch-up provision is not necessary, and we would not be able to support a new system if those increases were tied to an artificially higher wage.

In addition, it hasn't been discussed much, but we assert that the current liquor-server minimum wage must be preserved at its current level. That differential allows members to provide higher wages in back-of-house employment. That's easily made up by the tips; they are a significant part of their wages, so much so that our members often say that it's hard to get wait staff to move up to management because they actually have to take a pay cut.

By the same token, the student or under-18 wage differential recognizes the additional training costs inherent in providing youth with their first jobs. We believe that this differential should also be maintained. We look forward to the panel's report on minimum wage in the coming weeks, and look forward to the discussions inherent with that.

On pension reform, we understand that it's not the government's intent, but our concern with raising premiums is that it will hurt the lowest-wage earners. Raising the premiums paid by lower-income earners and their employers will not increase future benefits for these workers, but will reduce their take-home pay and jeopardize their current jobs. We ask the members of the Legislature to consider the effect that higher premiums will have on these workers as well as any potential harm to the economy, as this conversation continues. But we do think this conversation should continue and we welcome the opportunity to have that conversation.

1610

One of the biggest problems in our industry is beverage alcohol. Since 2000, sales in bars and pub establishments are down 31%. This is a significant hit to employees, suppliers and the economy in general. There is a lot of discussion about the beverage alcohol system in Ontario, but most of it centres around the retail outlets. It is important to have a look at the licensee purchase price, which is having a significant impact on the viability of these businesses.

Most people assume that restaurants and bars are able to buy beverage alcohol at a wholesale price; that is, cheaper than the general public. In the case of the LCBO and the Beer Store, this is not so. The LCBO discounts licensees by 5% on all sales, but then they claw back with a 6% licensee markup. We recognize this was reduced in 2006, and that reduction was appreciated. The fact remains, though, that the wholesale prices for all other business inputs are lower than retail, not higher.

This disparity is a direct result of the LCBO system and should be addressed.

The situation is worse for beer purchases through the Beer Store. On a case of 24 beer, for example, our members pay an average of 14% more than the public. In the case of one major brand, our members pay \$14.70 more per case. That's almost 50% higher than the public would pay for the same case of beer. As Ontario has a flat tax system for beer, the price paid by the licensee does not affect government revenues in any way. This all goes to the brewery. I have provided the committee a chart showing this disparity on different brands of the most popular beers. I would ask that this be considered in discussions about the sale of beer in this province, and I would welcome all members to work with us to address the wholesale side of the equation, not simply focus on the retail business.

I do understand there's a social responsibility pricing argument. I submit that that would not be an issue in our industry. After a restaurant factors in all the labour, taxes, building costs and utilities, a licensee would not be able to retail beverage alcohol at a price that threatens the social responsibility price. I don't believe there are any easy answers here, and I don't come to you saying that I have all the answers, but I do think we should have that conversation.

On the environment: Environmental issues are important to our members. That is why we signed on to the Canadian Council of Ministers of the Environment commitment to work towards developing a nationally harmonized system for extended producer responsibility. Unfortunately, Ontario's proposed Waste Reduction Act does not attempt to harmonize the waste management system within Ontario, let alone across provincial boundaries. We encourage Ontario to work with other provinces to standardize these regulations. Our basic premise for any extended producer responsibility program for packaging is that industry control over the program must be proportional to industry's financial responsibility.

I'm keeping this very short so there will be time for questions. In summation, I just want to leave the legislative members with a very basic message: The restaurant and food services industry is important to the Ontario economy. In order to continue to create jobs, the Ontario government needs to recognize the wide range of challenges faced by the industry. By continuing to put up impediments, it only makes it harder to create jobs. Unlike most people you hear from today, we're not coming asking for big asks from this government or from the committee. All we want to do is to be considered when these decisions are made. Our members simply want to continue to play an important part in Ontario's economy and create more jobs for the future. Thank you, Chair, for your time.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Jamie. You've left about six minutes for questions. Who's going to go first? Donna?

Mrs. Donna H. Cansfield: Thank you. Hi, Jamie.

Mr. Jamie Rilett: Hi.

Mrs. Donna H. Cansfield: I'd like to ask a couple of questions. You raised the issue around the minimum wage, and I know we've had a discussion through Michael's issue around tips. I think that's a really important discussion to have. I don't know if you've got any thoughts about that in terms of the minimum wage, where it seems that either the tips are collectively given in and shared with management—they're not kept for the serving staff; that kind of thing—and how you might think around assessing and monitoring that.

I would like to talk to you a little bit about this licensee pricing thing. It also, seemingly, appears different for the liquor stores as well, because I know I've had a number of complaints from restaurants lately that when they buy bulk sales, they get charged an additional amount, and they want to know why.

Those are two, but let's start with the tips thing, the monitoring/assessment.

Mr. Jamie Rilett: On the tips—and I recognize Mr. Prue is here, and we did have a good discussion with him—I presented before that committee as well; I think we came to a place that we could all agree. I recognize his hard work on that and thank him for that. I think some of the amendments made to that legislation will help everyone in the long run.

On the liquor pricing, one of the problems on the LCBO side is we have a hard time even knowing what prices we pay.

Mrs. Donna H. Cansfield: Oh, great.

Mr. Jamie Rilett: You have a 5% discount, then you have a 6% markup, and then there are sometimes service charges. There are sometimes other charges. They just never know exactly what they're paying. The only alcohol product that they actually pay less than retail for would be Ontario VQA wines, where there's a 10% discount and then a 6% markup, so you're saving 4% there. I think that could be extended to other Ontario products, but that's another discussion we can have.

Yes, there's a lot of weird rules. There is, I think, a memorandum of understanding that the liquor store cannot sell any beer product that's available at the Beer Store. So our members aren't even allowed to shop for the best price, because if they want beer in bottles that's available at the Beer Store, they can't buy it at the liquor store, regardless of the price. LCBO—

Interjection.

Mrs. Donna H. Cansfield: Six packs you can, yes.

Mr. Jamie Rilett: LCBO doesn't sell kegs, as well. I think if LCBO got into the keg market, they would find they would have a lot of happy restaurateurs knocking at their doors.

There are a lot of little things that I think we could look at. As I said, I don't think I have all the answers, but I would love to have that conversation and try and see where we could get with this issue.

Mrs. Donna H. Cansfield: Well, I know I had the one restaurateur who came in. It was absurd that they had a 5% discount and a 6% markup. It made no sense to them. They were really quite frustrated by the whole process.

Mr. Jamie Rilett: Yes. The 6%, as we understand it, replaced a previous—what did they call it? The gallonage?

Mr. Doug McCallum: Yes.

Mr. Jamie Rilett: The gallonage fee. They reduced it by about half, but just the fact that you still have to pay more than retail—we appreciate that it was reduced in half, saving our industry about \$23 million, but it's also still costing our industry about \$23 million.

Mrs. Donna H. Cansfield: The other question I had was about unpaid interns. You have them in your industry as well. I've heard of certain situations where individuals have been told that if they come in and work for a week, "We'll see how it works out. Maybe we'll hire you; maybe we won't." Of course, at the end of the week, they don't get the job; it goes to the next intern, as it were. What are you doing to monitor and assess that position?

Mr. Jamie Rilett: We haven't had a lot of complaints on that side. If we did, I definitely would look into it. I think the conversation has to be with the schools. A lot of times, the interns come through the schools. There's a trade-off with work experience. But I do agree: Sometimes that is abused. If there are examples or things that need to be looked at, we'd love to work with you. It's just that they don't always make it to our office.

Mrs. Donna H. Cansfield: No, probably because they're young people and they don't think about—usually I hear about it from the parent, more so than through the young person.

Mr. Jamie Rilett: Yes.

Mrs. Donna H. Cansfield: My last question is this. We had the chamber here, and they spoke about the largest sector being the accommodation, hospitality and tourism sector—that virtually is your sector—in terms of the minimum wage issue and how to deal with it or what's going to be dealt with. I know the panel will be discussing it and bringing down a recommendation. What are your thoughts?

Mr. Jamie Rilett: Well, I presented before the panel. What I said is we do understand that minimum wage does have to be adjusted occasionally. Our recommendation is that you start from where it is now and tie it to something like CPI that is manageable, that's predictable for our members and that they can plan for.

Mrs. Donna H. Cansfield: Do you think the industry has bounced back enough to even take that on at this time?

Mr. Jamie Rilett: That would totally depend on the sector of the industry. Our industry is so diverse. Some would probably be able to accept it, and some just wouldn't. That being said, we understand that there is an employment standards practice that needs to be met. We just want it to be fair and understandable.

1620

Mrs. Donna H. Cansfield: Okay. Thank you very much.

Mr. Jamie Rilett: Thank you.

The Chair (Mr. Kevin Daniel Flynn): There's about 30 seconds left. Anything else? No? Very good, Jamie. Thank you very much for attending today.

Mr. Jamie Rilett: Thanks a lot.

CUPE ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Our next delegation of the day is Fred Hahn from CUPE Ontario. Fred, you're sandwiched between the restaurants and the midwives.

You've been here before. You know the drill: 15 minutes. Use that any way you see fit. If there is any time for questions at the end of your presentation, the Conservatives will be asking them.

Mr. Fred Hahn: Perfect. Thanks. Good afternoon. I'm Fred Hahn. I'm the president of CUPE in Ontario. CUPE is Ontario's community union. We have 240,000 members in virtually every community, large and small, across the province, most of whom are front-line service providers, the vast majority of whom are women and all too often the lowest-paid workers in the public sector. Our members are proud of the work they do in social services, in health care, municipalities, school boards, universities and in airlines, and we're happy to be here to present to the committee.

For several years, the Ontario government has followed a global trend of cutting corporate taxes and then redirecting resources away from public services to make up for that lost revenue. The result: The Ontario government's program spending is now lower per capita than any other single province in Canada.

So how's that working out for us? Well, we've seen recently that it is not succeeding as a job creation strategy. Although austerity might have been in vogue for a while, it is now being rejected by economists and governments around the world. Austerity failed.

Don Drummond was wrong: Corporate tax cuts have not proven an effective way to stimulate job growth. In Ontario, we've seen that corporations do not use their tax-cut windfalls to create jobs or for capital investment or for research and development. Instead, they are stashing away billions in cash reserves. Mark Carney told us that a couple of years ago, but it has just been recently confirmed again in an annual report by the Task Force on Competitiveness, Productivity and Economic Progress.

Ontario has lived through successive budgets that have reduced program spending, sometimes through a direct cut; other times, through budgets that just didn't keep pace. We have to admit it: With a growing and aging population and an inflationary economy, even nominal program spending increases seen sometimes in some programs have not been sufficient to avoid a real reduction in services available for Ontarians. A cut by any other name is still a cut. And either way, the results have been negative. Promised job growth has not materialized. More and more Ontarians are working in multiple minimum or low-wage jobs in order to cobble together a living for their families. Waiting lists for services like

child care and affordable housing continue to grow. In developmental services, just for example, the field in which I worked, the wait-list now is close to 24,000.

The OECD has a study entitled *How's Life?* It shows that income equality is a leading indicator of well-being, of whether a population is happy. But, in Ontario, the inequality gap is actually growing. A small and very wealthy group is becoming ever more wealthy, while the vast majority of us are becoming less and less well off. As that gap grows, Ontario suffers.

We think of Ontario's provincial budget as a table underpinning the economy, and we believe that table needs four strong and balanced legs. We think we need to:

- (1) preserve and strengthen public services;
- (2) generate new revenue through fair taxation;
- (3) stop wasting public money on privatization; and
- (4) fight poverty and create jobs.

The first leg: Strong public services create an environment that is attractive to business and workers alike. At the same time, it also helps to ensure a fair and equitable society. Investments in public services and social infrastructure have real, tangible returns for the province. Those returns far outstrip any from corporate tax cuts. A million dollars in corporate tax cuts only nets about three new jobs and less than half a million dollars in GDP growth. That same million dollars invested in child care creates 40 jobs and about \$2.3 million in GDP growth. Our economy is people; let's invest in people so that our economy can grow. How will we find the money to invest? Fair taxation.

Ontario is not spending too much; it's earning too little. We don't have a spending problem, we have a revenue problem. In successive budgets, government corporate tax cuts have now got us to the point where we have the lowest corporate tax rate since the 1930s. It's why we're pointing to fair taxation as the second leg of a strong budget table. It will restore a balance for the responsibility for funding government services. Increasingly, that revenue burden has been unfairly concentrated on the shoulders of individual Ontarians. It's time to restore corporate tax levels so that companies who reap real benefits from Ontario's public services and infrastructure and resources pay their fair share.

Our submission details how government could generate new revenue of more than \$10 billion annually, rising to \$12 billion to \$13 billion by 2018-19. By restoring tax fairness and growing the economy through investments in public services and social infrastructure, revenue will also increase. We can and must grow our way to prosperity. At the same time, we have to be sure that we're wise in what we invest.

One disturbing trend has been the government's pre-determination to pursue P3s. Like the Harper government in Ottawa, there has been a belief that shifting service delivery to the private sector, doing infrastructure development through public-private partnerships will somehow save taxpayers money without sacrificing accountability; it's just not so.

Ontario has wasted billions on the government's affinity for public-private partnerships and privatization schemes. Just look at what we have lost in the cancellation of gas plants, the Ornge air ambulance scandal, the eHealth fiasco and billions more wasted on P3 capital projects like the Brampton hospital and Ottawa's failed arena project. And we don't need to remind anyone how many billions Ontario continues to lose because of the privatization of the 407. Privatization and P3s don't save government money. They shift services and facilities out of public hands, reduce control and redirect public money to corporate profits.

The final leg of the plan is to fight poverty and create jobs. As we noted earlier, income inequality is the leading cause of public discontent. We need to stop turning our back on the poor and focus our attention on restoring and enhancing programs that reduce poverty and inequality. We need to raise the minimum wage so that a person working full-time or working two or three part-time jobs isn't living below the poverty line, and we need to restore social assistance rates so that families have a real chance to escape the poverty trap.

There's one thing we know for certain: Increasing the wages of the lowest-paid workers provides a direct stimulus to the economy. These are people who spend what they earn, and they do so in their local communities. That's good for business and good for society. But even middle-income earners are finding it harder and harder to make ends meet, and freezing wages combined with ever-increasing costs is only making that worse.

The poverty-reduction and job-creation measures proposed in our submission will not only create a happier Ontario, but will ensure that more Ontarians are able to fully participate in our economy, thus stimulating the growth we all want.

The 2014 Ontario budget presents an opportunity to turn away from the failure of austerity in a meaningful way, by supporting a strong economic table with four strong legs and ensuring a place at that table for everyone in Ontario.

We encourage you to read our submission in detail because there is a series of detailed recommendations in it.

We're happy to take any questions.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Fred. You've left about five minutes for questions.

Vic?

Mr. Victor Fedeli: Fred, thank you for your presentation. It's always a pleasure. I have to say, though, I was surprised at a couple of the arguments that you made that don't quite line up with the published budgets or the Auditor General's statements.

You mentioned that the corporate tax cuts resulted in lost revenue. I have two things on that. The corporate tax cuts weren't finished; they weren't consummated. Two budgets ago, you'll recall that although they were scheduled to be reduced from 11.5% to 10%, the deal that was made between the NDP and the Liberals froze that at a high 11.5%. So the corporate tax cuts have not been

completed. They in fact are on the way up, with the new Liberal plan to add half a per cent to the corporate tax rate to put it at 12%, above the 11.9% of Quebec, making us obviously one of the highest tax regimes in the country.

1630

You mentioned that we lost revenue, but again, that doesn't quite line up with the budgets of the province of Ontario. We're spending \$125 billion, albeit we take in less than that—we're deficit spending. But revenues are actually at their highest point today. So corporate tax cuts that never happened yet and revenue that's actually higher is quite a different story. I would suggest to you that when you say Ontario is not spending too much and we're taking in too little, I would propose to you, Fred, that we do indeed have a spending problem. We've spent an all-time high in the history of our province, so it's a spending problem we have, not our revenue, which has increased every year.

I'm giving you an opportunity to rethink what you had suggested to this committee.

Mr. Fred Hahn: I appreciate that. Let me just try to be more clear about what it is we're saying.

Look, our province is growing in population. It is an aging population and there are inflationary costs. It is not unreasonable, then, that costs to deliver services and the work that government does on behalf of all of the citizens of the province might increase.

The reality of what we do, how we make a plan to deal with the challenges of our economy, is what we're trying to bring forward here. While there had been this belief that if we cut corporate taxes, we will simply increase revenue, what our brief shows—and you'll see that it's based on a number of other economists; it wasn't us who came up with this stuff. It demonstrates that actually, cutting corporate taxes doesn't generate new jobs in the same way that investing in services would. What we're saying is, look, we think that we have the lowest corporate tax rates we've had since the 1930s. It's actually not creating jobs. Our job numbers are showing that in a lot of different ways. We believe that a new direction is required, and that's the heart of one of the proposals we're making to the committee.

Mr. Victor Fedeli: Fred, I can't disagree with the first part of what you've said, that we have an aging population, we have a growing population, and proper care is going to be required. I don't think anybody in this room, in this city or in this province would disagree with that.

I guess you would call me a supply-sider as well. There are two philosophies of those economists, one that says, "Let the government tax everybody. They'll choose how to put the money into the economy and hopefully the economy will rise." What we've seen with the high taxes in Ontario and high spending, deficit spending, is that it didn't create the jobs. The other side of the economists, the side that I would fall in, I presume, would say that you lower your taxes and allow business, then, to create jobs and to put that money back into the economy, which returns greater jobs. Those are really the two sides of it.

We're going to be philosophically opposed—there's no hesitation to say that—but I think we can agree that we both want to see a better Ontario, that there's certainly great room to improve, and that there is an aging and a growing population that needs care. Would you at least concur with that?

Mr. Fred Hahn: Sure.

The challenge of the philosophy that you hold is that it's just not working, and all the data for the last decade shows it.

Mr. Victor Fedeli: Sadly, we haven't tried it in the last decade. But thanks, Fred.

Mr. Michael Prue: He wants to go further.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming.

ASSOCIATION OF ONTARIO MIDWIVES

The Chair (Mr. Kevin Daniel Flynn): Our last delegation of the day is from the Association of Ontario Midwives, Ellen Blais. Ellen, if you'd like to come forward. Make yourself comfortable. Like everybody else, 15 minutes; you can use that any way you see fit. If there's any time left over from your presentation, the final questions of the day will come from the New Democrats.

The floor is yours.

Ms. Ellen Blais: Okay. Thank you for having me here today and waiting me out until the end of the day. My name is Ellen Blais and I am an aboriginal midwife from Oneida Nation of the Thames. I'm co-chair of the national council of aboriginal midwives and I'm a policy analyst in aboriginal midwifery at the Association of Ontario Midwives.

I have seen first-hand for the past 20 years in my front-line work the devastating impact that colonization has had on the health and well-being of our nations. However, we stand strong and want to be healthy and well. I believe that culturally safe care from the beginning of pregnancy and into the postpartum with aboriginal midwives in our communities is integral to the unfolding story of hope for healthy communities across this province.

We urge the Ontario government to make funding available through the existing Ontario Midwifery Program, which is under the Ministry of Health, to aboriginal midwives who provide care in aboriginal communities. The immediate cost to the province would be approximately \$1 million, and the impact on improved health outcomes for mothers and babies and their families would be tremendous and immeasurable.

Midwifery became a regulated profession in Ontario in 1994. However, at the same time, an exemption was created in the Midwifery Act in Ontario to enable aboriginal midwives to provide care in aboriginal communities without seeking registration. Since 1996, aboriginal midwives have led an exemplary and safe model of care at Six Nations reserve, near Brantford, Ontario, funded through the Aboriginal Healing and Wellness Strategy.

This model of care has served as an inspiration and best practice for interested communities around the world.

Since 1994, registered midwives have been able to access funding through the Ontario Midwifery Program at the Ministry of Health and Long-Term Care. However, aboriginal midwives have not been able to access funding from the Ontario Midwifery Program. Thus, they have not been able to provide the care that is so desperately needed in their communities across the province.

We urge government to make a commitment to aboriginal midwives and the women and families we serve by allocating funds for aboriginal midwifery in this budget. The process and mechanisms already exist through the Ministry of Health for midwives to apply for funding to provide services delivered by registered midwives in the communities across Ontario. This existing mechanism could easily be amended to encompass aboriginal midwives working under an exemption, creating a separate parallel process for funding midwifery care delivered by aboriginal midwives.

The number of aboriginal midwives working under the exemption is very small, as the education program at Six Nations graduates about one aboriginal midwife per year. In Ontario, that we are aware of, there are currently three midwives who have graduated from the program that are in immediate need of funding in order to provide comprehensive midwifery care to their communities in places such as Tyendinaga and Akwesasne. The dollars that we need are small, but the impact this investment would have on the health and well-being of aboriginal women and their newborns both on- and off-reserve would be profound.

Enabling aboriginal communities in this province to access care provided by competent, well-trained aboriginal midwives allows for access to care that is close to home and culturally responsive, and that leads to safe outcomes for both moms and babies. Moreover, the health care system benefits cost-wise when women do not need to be evacuated from their communities, such as the ones up north, which happens in northern Ontario, and can receive safe care with less medical interventions in their own communities. As well, one of the future benefits would also include inspiring young women to become midwives themselves, where they can see births happening in their own communities and, at the same time, learn the traditions and ceremonies that are so integral to the health of our nations.

In my own experience, I have seen the impact on the health and well-being of families who are able to make their own decisions regarding their own health during pregnancy and into the postpartum. The ability to make culturally informed decisions helps women make better choices for themselves, and reduces the number of babies coming into care by child welfare.

1640

Women feel proud of their identity once they begin to learn about the ceremonies that always existed throughout time, and that are now being brought forward once again. Families become healthier and less dependent on

the health care system. Women, as caretakers of the land and waters and of their bodies, are what connect aboriginal women to their communities, and ultimately to the health and well-being of our nations.

Every year, the Ontario midwifery program announces funding for the much-needed expansion of registered midwifery services in Ontario. In addition, we strongly urge government to ensure that, through this budget, an announcement for funding midwifery services delivered by aboriginal midwives can also be made this year.

The Chair (Mr. Kevin Daniel Flynn): Thank you.

Ms. Ellen Blais: Thank you.

The Chair (Mr. Kevin Daniel Flynn): You've left about eight minutes for questions. Jonah?

Mr. Jonah Schein: Ellen, thanks for coming, and thanks for your presentation. I'm feeling very lucky right now in that my partner and I have a midwife. We're expecting our first kid in the spring, but we were lucky. We put our name on the list in Toronto pretty much as soon as we found out.

It strikes me as we go through the process just how lucky we are to have somebody to walk us through that, to give information to us, but it also strikes me that it's out of reach, even in Toronto, to a huge number of people; and disproportionately, people who are disadvantaged, as well, don't have the same access to midwifery in Toronto, so I can't even imagine what it's like outside of major urban centres.

Ms. Ellen Blais: Yes.

Mr. Jonah Schein: From a cost perspective, in places like northern Ontario, what is happening right now if you live in a remote community? Describe what's happened to a woman who's eight and a half months pregnant, for example, in northern Ontario.

Ms. Ellen Blais: Well, right now, women have to be flown out. You know that a lot of the aboriginal communities in the north are fly-in communities, right? So, they have to be flown out well before their due dates.

The NIHB, which is the national health insurance for aboriginal people, flies women out to the nearest tertiary centre for prenatal and postpartum care, but they don't pay for anyone to go with these women—unless you're under 16 years of age, and then they will provide an escort to go down with those women on the plane, and it costs \$10,000 per plane ride to get women down to the main areas in the northern communities.

A lot of those women are subjected to family violence. All of the sequelae of residential schools are happening in our communities. A lot of these women are lying about their due dates and things like that, so they don't actually have to leave their communities, and they have their babies up there, where it's really not the safest for them. They don't want to leave their families behind, leaving partners who are violent and so on to their families.

So, we're saying that midwifery—aboriginal midwives in aboriginal communities—would be very cost-effective in this case, if we had women up there delivering babies in communities in a culturally safe and appropriate manner.

Mr. Jonah Schein: Women are leaving other children at home with—

Ms. Ellen Blais: They would leave other children at home with family who may not necessarily be safe to leave their children with, so it's really difficult for them to make those kinds of decisions.

Mr. Jonah Schein: And your budgetary ask is how much?

Ms. Ellen Blais: One million dollars.

Mr. Jonah Schein: And what would that deliver?

Ms. Ellen Blais: Right now, that would assist and be able to provide those two to three midwives who are now looking for money to start practising to be able to practise.

Mr. Jonah Schein: In the past, we've heard from midwives recently about pay equity. Do you have any thoughts about that right now?

Ms. Ellen Blais: I don't right now. That's not what I've come here to talk about, and I'm actually focusing more on the aboriginal midwives, rather than the general population of midwives in Ontario.

Mr. Jonah Schein: And the pay for aboriginal midwives, is it comparable to—

Ms. Ellen Blais: Right now, it's slightly below. They're on a salary basis at Six Nations right now. It's slightly below what midwives are making under the Ontario Midwifery Program.

Mr. Michael Prue: If I could just ask, because a million dollars doesn't seem like very much—

Ms. Ellen Blais: It's not.

Mr. Michael Prue:—this is just for three reserves, or three First Nations communities?

Ms. Ellen Blais: That's right. It's for three different First Nations communities right now.

Mr. Michael Prue: And, if this is successful, would the plan be to send it to other ones?

Ms. Ellen Blais: Yes.

Mr. Michael Prue: Particularly those in northern Ontario, because Tyendinaga and Six Nations are right

on Lake Ontario, pretty much. They're right at the bottom. They're in very populated areas.

Ms. Ellen Blais: That would be our hope, to extend it and implement it in all the aboriginal communities across Ontario.

Mr. Michael Prue: And how would you train midwives in northern communities? That's a problem, getting schooling into northern communities, no matter what it is. Never mind midwifery; anything at all is difficult.

Ms. Ellen Blais: Yes, yes. Right now Six Nations has a training facility, and we're hoping that we could possibly fund or somehow find a way for them to come down, learn how to be midwives there and then go back to the communities they want to go to.

Mr. Jonah Schein: Midwifery care is done after the baby is born, as well?

Ms. Ellen Blais: Midwifery care is done during pregnancy, during the inter-partum, which is at the birth, and also six weeks postpartum.

Mr. Jonah Schein: So six weeks after.

Ms. Ellen Blais: Yes.

Mr. Michael Prue: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Ellen, for coming. That was very interesting.

Ms. Ellen Blais: You're welcome. Thank you very much for listening.

The Chair (Mr. Kevin Daniel Flynn): You're our last delegation of the day.

Thank you to the members. Thank you to the presenters. We managed to see 29 delegations today. Thank you all for your attention.

A reminder to the members who are travelling to Sarnia on Sunday: The plane is scheduled to leave Toronto from Skyservice/Esso Aviat at 3 p.m. The Clerk will send you out a reminder about that tomorrow.

I'm adjourning this committee to Sarnia.

The committee adjourned at 1645.

Continued from back cover

Registered Nurses' Association of Ontario	F-646
Ms. Doris Grinspun	
Career Colleges Ontario	F-648
Mr. Craig Donaldson	
Wellesley Institute.....	F-650
Mr. Steve Barnes	
Ontario Federation of Agriculture.....	F-652
Mr. Mark Wales	
Mr. Ted Cowan	
Gamma-Dynacare Medical Laboratories	F-655
Ms. Naseem Somani	
Elementary Teachers' Federation of Ontario	F-656
Ms. Susan Swackhammer	
Ontario Bioscience Innovation Organization	F-658
Ms. Gail Garland	
Canadian Restaurant and Foodservices Association	F-661
Mr. Jamie Rilett	
CUPE Ontario	F-663
Mr. Fred Hahn	
Association of Ontario Midwives	F-665
Ms. Ellen Blais	

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr. Kevin Daniel Flynn (Oakville L)

Vice-Chair / Vice-Présidente

Ms. Soo Wong (Scarborough–Agincourt L)

Mr. Steven Del Duca (Vaughan L)

Mr. Victor Fedeli (Nipissing PC)

Ms. Catherine Fife (Kitchener–Waterloo ND)

Mr. Kevin Daniel Flynn (Oakville L)

Mr. Douglas C. Holyday (Etobicoke–Lakeshore PC)

Ms. Mitzie Hunter (Scarborough–Guildwood L)

Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)

Mr. Michael Prue (Beaches–East York ND)

Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants

Mr. Bas Balkissoon (Scarborough–Rouge River L)

Mrs. Donna H. Cansfield (Etobicoke Centre / Etobicoke-Centre L)

Mr. Rod Jackson (Barrie PC)

Mr. Jonah Schein (Davenport ND)

Clerk / Greffier

Mr. Katch Koch

Staff / Personnel

Ms. Susan Viets, research officer,
Research Services

CONTENTS

Thursday 16 January 2014

Pre-budget consultations	F-599
Canadian Federation of Independent Business	F-599
Mr. Plamen Petkov	
Ms. Nicole Troster	
Central 1 Credit Union	F-601
Mr. Kelly Harris	
Mr. Kelly McGiffin	
Ms. Sheryl Wherry	
Music Canada.....	F-604
Mr. Graham Henderson	
Ontario Pharmacists Association	F-606
Mr. Carlo Berardi	
Mr. Dennis Darby	
Ontario Home Builders' Association	F-609
Mr. Joe Vaccaro	
Mr. Mike Collins-Williams	
Income Security Advocacy Centre.....	F-611
Ms. Jennefer Laidley	
Canadian Fuels Association	F-614
Mr. Eric Bristow	
Ontario Chamber of Commerce	F-616
Ms. Andrea Holmes	
Mr. Liam McGuinty	
Consulting Engineers of Ontario.....	F-619
Mr. David Zurawel	
Ontario Federation of Labour.....	F-622
Mr. Sid Ryan	
Ontario English Catholic Teachers Association.....	F-624
Mr. James Ryan	
Mr. David Church	
Co-operative Housing Federation of Canada	F-626
Ms. Nicole Waldron	
Mr. Harvey Cooper	
Toronto Mental Health and Addictions Supportive Housing Network.....	F-629
Mr. Noel Simpson	
Ms. Jean Stevenson	
Ontario Health Coalition	F-631
Ms. Natalie Mehra	
Federation of Rental-housing Providers of Ontario	F-633
Mr. Mike Chopowick	
Trillium Automobile Dealers Association	F-636
Mr. Frank Notte	
Ontario Nurses' Association	F-638
Ms. Vicki McKenna	
Mr. Lawrence Walter	
Canadian Automobile Association.....	F-641
Mr. Elliott Silverstein	
Ontario Long Term Care Association	F-643
Ms. Candace Chartier	

Continued on inside back cover