F-26 F-26

ISSN 1180-4386

Legislative Assembly
of Ontario

Second Session, 40th Parliament

Assemblée législative
de l'Ontario

Deuxième session, 40e législature

# Official Report of Debates (Hansard)

**Thursday 23 January 2014**

# Journal des débats (Hansard)

**Jeudi 23 janvier 2014**

## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Kevin Daniel Flynn
Clerk: Katch Koch

Président : Kevin Daniel Flynn
Greffier : Katch Koch

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

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

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

# STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

# COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 23 January 2014

Jeudi 23 janvier 2014

*The committee met at 0901 in the Days Inn, Kingston.*

## PRE-BUDGET CONSULTATIONS

**The Chair (Mr. Kevin Daniel Flynn):** Okay, ladies and gentlemen, let's call to order. Welcome to Kingston, everybody.

## CORNWALL AND DISTRICT LABOUR COUNCIL

**The Chair (Mr. Kevin Daniel Flynn):** Our first delegation this morning is from the Cornwall and District Labour Council: Elaine MacDonald, the president. Elaine, the floor is yours.

**Ms. Elaine MacDonald:** Thank you, ladies and gentlemen. The Cornwall and District Labour Council is a network of unionized public and private sector workers numbering approximately 10,000 in the eastern-most counties of Ontario: Glengarry-Prescott-Russell and Stormont-Dundas and Glengarry. Our primary goal is to represent and advocate on behalf of working people. Our affiliated unions support each other in their efforts to improve working conditions, to gain fair and equitable recompense for their labours, and to achieve at minimum a living wage capable of supporting their families and allowing them to retire with dignity and financial security. I'm sure your parties' broad goals line up with our local aspirations, which I dare say are shared across the province.

Furthermore, we recognize that the workplace is not distinct from the communities in which we live. With our community partners, non-profit agencies and unorganized workers, we work to achieve an inclusive and supportive society where everyone is able to support themselves and their families, and when not, then they are able to access the social services that enable them to maintain a meaningful place within the community.

To advance these goals, we have prepared three asks. The first is that government respect organized labour and the union movement; the second is that government raise the minimum wage; and finally, that government re-regulate the intercity bus transportation industry.

With respect to the first ask, for respect for collective bargaining and other principles of the union movement, our region has experienced the same challenges as other parts of the province: loss of manufacturing and the loss of the standard of living associated with it, which had been achieved over the years thanks to the activism of the labour movement and the stability of the industrial economy. Locally, we are creating new alternate means of employment which, sadly, do not bring the same financial return, either in wages, benefits or employment security, and which most often do not enjoy the protection and advocacy of a union. Fewer workplaces enjoy the benefits of collective bargaining and employment security. Consequently, workers are increasingly falling behind and losing ground even when working full-time.

We call upon the government to protect workers' rights, especially access to collective bargaining, and to protect the collective bargaining process itself. The playing field is not even. Workers lose ground while corporate interests put pressure on governments to eviscerate workers' support systems through weakening and dismantling unions. Attacks on the Rand formula federally and the so-called worker choice programs provincially are anti-worker movements, and as labour activists, we call upon governments to reject them.

This isn't just a question of supporting workers. It's a question of protecting the economy. Studies of southern American states that went down this road and abandoned unions—did not experience the longed-for rebounding of their economies. Restoring competitiveness to an economy can't be had by sacrificing the people the economy is meant to support. One can't protect or revive an economy by exposing those at the bottom of the ladder, the workers, to exploitation.

We go farther than asking governments to maintain the status quo for unions. We ask that governments bring back card certification to level the playing field so workers are free to signal their preference for a union without fear of reprisal or manipulation. Let workers exercise a real choice, the choice to extend ambitions they entertain for themselves in their search for workplace security into a common cause, one that increases the social prosperity of the whole community.

Our second ask is for a minimum wage of $14 an hour. The Ontario government has recently concluded a province-wide study on minimum wage and has the information it needs to do the right thing by the working people of the province, over half a million of whom work for minimum wage and most of whom are women. The wage has been frozen for three years, but sadly, prices in the commercial and retail sectors have not. Bread has gone up, rent has gone up, the price of a movie has gone up, and prescription drugs have gone up. All the while, the wages of Ontario's most vulnerable workers have been locked in at $10.25. The workers have been locked in too, in that they have been progressively locked out of participation in their communities. They shop less frequently at neighbourhood stores and more frequently at local community food banks. They can't enrol their kids in after-school programs, they can't buy them the dedicated pair of running shoes required for gym classes, and they can't pay the ever-increasing user fees that municipalities demand of them for their activities.

We urge the government to raise the minimum wage immediately to $14 an hour and to index it to inflation—after it has been raised of course. Social agencies and labour activists have been calling for this benefit for years, and most recently, their voices have been joined by the medical community leaders, who rightly point out the toll of an impoverished existence: poor nutrition, ill health, higher rates of heart disease and cancers, above-average school failure rates—you know the whole sad list. Ultimately, it ends in an early death. We know that poverty is the common denominator in this list. We can end it. Failure to do so is a short-term saving. It leads to a greater degree of government spending later in repairing lives needlessly broken and supporting people who have been victimized in exploitive workplace situations. People locked into inadequate wages don't just fail their families; they fail their communities and eventually become isolated from them.

I just want to check the time before I continue to see if I'll curtail. I'm fine.

We believe that the solution to poverty is to pay people more. People want to participate in the economy, and when they do, the whole community benefits. There is no dignity in a bread line. It is better and more profitable for all to ensure that a worker's wage is adequate to give him admittance to the grocery store checkout line. There was a time in Ontario when having a job made the difference between poverty and security. A higher minimum wage, at $14 an hour, would re-establish the financial value of employment.

I don't just speak here as a labour activist. Two days ago, with approximately 65 others in eastern Ontario—church ministers, educators, workers from social agencies and non-profits, and even MPP Jim McDonell—I attended a two-hour workshop entitled Community Consultation on the Ontario Poverty Reduction Strategy. We came together to discuss what was right and what was wrong and what should be changed and what should be kept in Ontario's policy. No one—I repeat, no one—in the two hours and five rounds of consultation in which I participated, called for anything resembling an austerity measure. Through all the discussions, all our prescriptions involved extensions of programs, primarily in education, from early childhood to post-secondary, and apprenticeships and greater access to child care. These are costly programs, but the benefit is obvious.

By the end of the morning, though, we sadly acknowledged that none of us had used the words "taxes" or "spending," even though our ideas had been dependent on that. I think we were afraid to, because "taxes" and "spending" have become four-letter words in the political arena, and that, ultimately, is where the problems have to be solved. We recognized at our table that, as a society, we have to change the terminology, to speak in terms of investments, not taxes, and to call for investments in people, the province's most important resource.

**0910**

In summary, there was a call for more spending of two types: private sector spending and public sector spending. We wanted private sector spending in terms of a higher minimum wage, and public sector spending in terms of support for the public services on which we all depend.

Too often, for the last 20 years, governments have opted to support private interests over public ones, to offer tax cuts that enhance the personal portfolios of individuals over the social support systems that enrich the community. We ask the government to turn this around. We believe governments exist to protect the community, to establish and maintain a balance and equilibrium between corporate interests and the people's social and economic needs.

Our third ask is a call for a re-regulation of the intercity bus industry. Buses are still the cheapest and most economical means of intercity transportation, and for all but the major cities of the province, bus service has progressively declined over the last 20 years. We believe mobility is a worker's right and need.

Cornwall is a city of 45,000 people on the 401 corridor, but in spite of that location, more and more, bus travel literally passes us by. Depots have moved to the edge of or beyond city limits. We do have a private bus service to and from Ottawa daily, on which ridership depends on buying a monthly pass, so you need a job before you can get it. The Toronto-Montreal corridor buses stop less frequently than before. Given the location of the bus station—which, believe me, is a euphemism—ridership is not dying out; it's being killed off. That bus service is unprofitable is a self-fulfilling prophecy.

The situation is the same in the north and west of the province. Communities like Cornwall that are trying valiantly to reinvigorate their post-industrial economies are finding themselves isolated and cut off from communities beyond the extent of their own transit systems.

Furthermore, this is a repudiation of our obligation to the environment to foster and grow mass transit options over the forced reliance on personal vehicles.

On behalf of the labour council, I thank you for your attention to our asks for a strengthening of the principles of unionism, for a higher minimum wage and for a re-regulation of the intercity bus industry.

We have great hopes for the next Ontario budget. We believe that our government has developed some progressive legislation in the past two years, through inter-party co-operation and collaboration—not always by choice but most assuredly for the benefit of the people of Ontario. We hope for and ask you for more of the same. Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** That's great. Thank you, Elaine. You've left some time for questions, between four and five minutes. Doug or Jim?

**Mr. Jim McDonell:** Sure. Thanks for coming out, Elaine. As somebody from my riding, I was glad to see you at the poverty reduction seminar that I hosted the other day in Finch.

One of the issues that comes out about the minimum wage is that studies show that all that will do is actually hurt the people it's intended to help, as there are less jobs available as employers cut back. We've seen, I guess, for a couple of years now, or 10 years, where taxes, benefits and spending have gone up, but jobs are leaving. Any reply to that, or comment on that part?

**Ms. Elaine MacDonald:** I'd like to, very much. We've obviously looked at different studies, because I've seen studies from New York, for example, where, when their minimum wage was raised, employment didn't decline.

What we find in Ontario especially is that the biggest minimum-wage employers are extremely profitable companies, like fast food services, like Tim Hortons and McDonald's. They are doing extremely well. The people who sponsor and support them can certainly afford to pay a little bit more for their hamburgers so that, hopefully, one day, the people who work there can buy a coffee after work as well.

The minimum-wage workers are being left out of the economy. We've gone so far from the days of Henry Ford, when he wanted to pay his workers enough that they could actually one day buy a car. Let's get back to that.

**The Chair (Mr. Kevin Daniel Flynn):** Doug?

**Mr. Douglas C. Holyday:** We had other deputations, as you might know, throughout the province this week and last week, and we've heard from several groups—employer groups and even municipalities—concerned about jumping the minimum wage, as has been suggested. They don't seem to be as out of line with maybe attaching it to the rate of inflation or something, to try to keep it constant, but they really were opposed to taking it from where it is now up to $14. They thought that would cause quite an upheaval in their businesses. I just wonder what your comments on that would be.

**Ms. Elaine MacDonald:** I guess I focus on the upheaval that the last three years have entailed for workers who have had to tighten their belts and do without all of the things around them that are actually going up in price. You can't isolate one part of the economy, withdraw it from everything else and say, "No activity here."

The whole economy is a biologically thriving entity, and the workers are somehow shut out of that activity. They're just frozen. It's as though they're in limbo somewhere. If we could freeze prices, then surely we could freeze wages, maybe.

**Mr. Douglas C. Holyday:** Some of their comments had to do with the fact that a great portion of their workforce that were getting the minimum wage were students, and that if that minimum wage went up, as has been suggested, they would definitely have to reduce the number of students that they were employing. What would you tell the students?

**Ms. Elaine MacDonald:** I think that we get a lot of free labour out of students already, in that they have to give 40 hours of community work just in order to graduate from high school. In Cornwall, I can assure you that the majority of the workforce at places like Tim Hortons and McDonalds have hair the colour of mine. We have seniors who can't afford to retire working minimum-wage jobs in the fast-food industry in our city. I don't know what it's like in your cities, but I think that's probably pretty common across the province.

If only it were just students—but now we have people working to support families working for minimum wage.

**Mr. Douglas C. Holyday:** You're not concerned about what happens to these students?

**Ms. Elaine MacDonald:** If the students have a little bit more money, well, my gosh, maybe they'll be able to save it and afford the post-secondary education that has been so constrained and constricted in the province.

**Mr. Douglas C. Holyday:** Thank you.

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

**Mr. Douglas C. Holyday:** Anybody else?

**The Chair (Mr. Kevin Daniel Flynn):** No, actually, we're out of time.

Thank you, Elaine. Thank you very much for coming today.

**Ms. Elaine MacDonald:** I thank you very much for the opportunity.

**The Chair (Mr. Kevin Daniel Flynn):** Our pleasure.

## ONTARIO NURSES' ASSOCIATION, REGION 2

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is from the Ontario Nurses' Association: Anne Clark. Cathryn, are you coming up at the same time?

*Interjection.*

**Ms. Anne Clark:** We are from the same organization.

**The Chair (Mr. Kevin Daniel Flynn):** Okay.

**Ms. Anne Clark:** If you will indulge us.

**The Chair (Mr. Kevin Daniel Flynn):** Have a seat. Make yourselves comfortable. Like everybody else, you each get 15 minutes. Use that in any way you see fit. After the first presentation, the round of questioning will go to the NDP. After the second presentation, the questioning will go to the government side.

If you'd introduce yourselves for Hansard, so we know which one of you is who on the audiotape, that would be great.

**Ms. Anne Clark:** Thank you very much.

**The Chair (Mr. Kevin Daniel Flynn):** It's all yours.

**Ms. Anne Clark:** Thank you, and good morning. Can you hear? I'm Anne Clark. I'm a registered nurse, and vice president for region 2 of the Ontario Nurses' Association. Region 2 goes from Cornwall through to Scarborough and up to Haliburton.

I've worked full-time as an RN in the hospital sector since 1980. I have nursed at the Queensway Carleton Hospital in Ottawa on a combined urology, orthopedics and general surgery unit for over three decades, though I've seen many changes.

ONA is Canada's largest nursing union, representing 60,000 registered nurses and allied health professionals, as well as more than 14,000 nursing student affiliates, primarily providing care in hospitals. The standing committee has heard from a number of registered nurses affiliated with ONA who have detailed the significant challenges to the delivery of safe care for hospital patients in communities across Ontario and for residents in our long-term-care facilities.

You have 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 staffing. You have heard how this underfunding of hospitals results in fewer RNs, which hurts patient care.

This morning, I want to talk to you about the challenges in the Ottawa area and provide you with the evidence, with some stories from the front lines that will demonstrate the urgent need for more registered nurses in our hospitals to meet the increased care needs of our very complex and unstable patients.

You now know that the ratio of RNs per 1,000 Ontarians is the second-lowest RN-per-population rate in Canada. Ontario has seven RNs per 1,000 population, compared to 8.3 RNs per 1,000 population in the rest of Canada.

**0920**

First, we are calling for an end to underfunding hospitals; 0% for hospital base budgets does have to cease. Funding for hospital base budgets must cover the cost of inflation and the growth in population. Multiple years of funding hospitals below the cost of inflation and population growth is creating high-risk situations—

**Ms. Catherine Fife:** Excuse me. Mr. Chair, can you please have the conversation taken offside? I want us to pay full attention.

**The Chair (Mr. Kevin Daniel Flynn):** Doug? Excuse me, gentlemen. Could we keep it down?

**Ms. Anne Clark:** Thank you very much. I appreciate that.

Multiple years of funding hospitals below the cost of inflation and population growth is creating high-risk situations for patient care.

Second, to begin to address the consequences of the gap in RN care, we are calling for the government to have a funded plan of action to hire more than 17,500 RNs in Ontario to stabilize our care with that provided in the rest of the country. Ontarians have lost millions of hours of care from cuts to RN care in hospitals as a result of a two-year funding freeze for hospital base budgets. You have heard by now multiple times that higher levels of RN staffing in hospitals are essential to care for patients with complex and unpredictable outcomes, who are really the only people we now have in our hospitals. Studies show that adding one patient to a nurse's average caseload in acute-care hospitals is associated with a 7% increase in complications and in patient mortality.

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections and other complications to unplanned extubations. Remember, these are critical situations for patients in hospitals.

More than 1.5 million hours of RN care last year alone—that's 1.5 million hours of RN care last year alone—was cut from Ontario's health care system as a result of underfunding and cuts, which completely ignores the evidence linking RN care to improved health outcomes for our patients.

I'd just like to share a story with you to illustrate the consequences for patients when they are rushed out of hospital.

Patient Joe was found to have an anomaly in his heart and required urgent surgery, both a valve replacement and bypass surgery.

After Joe's surgery, he is sent to ICU. They have difficulty getting Joe's heart rate to regulate. He has a central line, an arterial line, and is also on a cardiac monitor. This requires highly skilled RN care. Joe stays in ICU for three days. Still his heart does not stabilize, and on the third day they take Joe back to the OR for a pacemaker insertion.

Direct from the OR, they send Joe to a surgical floor, as there are several patients waiting for ICU beds in emerg, and, believe it or not, they are more unstable than Joe, who is still unstable. Joe stays on the surgical floor for two days, including his post-op day, and on the third day he is discharged home.

Joe is sent home on Coumadin, a blood thinner, and a variety of other medications. He has been given inadequate education on what to watch for because of the lack of time and the amount of pressure the RN looking after him is forced to deal with every day.

Joe is very weak, tired and lethargic, as is somewhat expected after two surgeries, and this does not get better; it only gets worse. Joe has a nosebleed. Luckily, a family member who is a nurse tells Joe to go the emergency.

It took several trips to and from the ER, to the lab and to the doctor, and several blood transfusions, to get Joe's blood levels back close to normal.

Now the surgical site on his left leg from his bypass started to weep; it was now infected. Joe found a family health clinic with a nurse practitioner, who started treating Joe's leg and doing the health teaching he should have got. It took months and months for Joe to recover to the point where he felt somewhat normal and able to resume his previous life.

This is the cost of budget cuts in our hospitals and not enough RN care with our patients.

Let me turn now to talk about cuts to RN care in our hospitals in Ottawa. The Ottawa Hospital laid off a large number of experienced RNs in leadership roles a year ago, to create another level of management: assistant managers for all in-patient units. They took away front-line, hands-on nurses to create more management positions. This has resulted in an increased workload for the nurses to meet their patients' needs.

At the same time, the Ottawa Hospital closed beds on many of the in-patient units. They didn't actually remove the beds, but they created flex beds to be available during a surge. As a result, these closed, unfunded beds are always open, with no increase in staffing or decrease in patients for the complements of RNs left. Occupancy is frequently greater than 100%. The Ottawa Hospital is anticipating another funding shortfall in 2014-15, in part as a result of the frequency of these unfunded beds being utilized on a regular basis—in fact, almost daily.

You have also heard about independent assessment committee hearings, where front-line RNs have identified ongoing professional practice and patient workload concerns affecting the level of care in their specific hospital units.

Before we reach the hearing level for workload concerns, front-line nurses complete professional practice patient workload forms in which they document their concerns. At the Ottawa Hospital, there have been 230 professional practice concerns filed in 2013, an increase of approximately 100 over 2012. These forms are an indicator of unsafe and unmanageable patient care because there are too few RNs.

The Ottawa Hospital has significant difficulty staffing, for example, the emergency department. It often results in increased workload issues and patient safety concerns, hence the workload forms. This has resulted in increased novice staff working rather than experienced RNs, and just increased issues. The hospital has laid off one of its educators, so that there is only one educator at each of the general and civic campus emergencies. As a result, the Ottawa Hospital has had its pay-for-results funding cut over the last two years over its inability to meet the provincial wait-time targets.

The impact on patient care I am talking about is entirely consistent with the research literature. Studies show that the cost of increasing registered nurse staffing in hospitals is associated with cost savings achieved by reducing adverse outcomes and length of stay in hospital, and avoiding patient deaths.

Improved RN staffing has been shown to prevent a range of complications, to mitigate complications through early intervention and to lead to more rapid patient recovery, which creates savings, let alone saves lives. Studies show the savings generated by this to be almost $60,000 for each additional RN added.

Freezing hospital base budgets below the cost of inflation and population growth is cutting funding for patient care. Ontarians experience first-hand the impact of reducing funding and reducing the number of nurses: It hurts the quality of the care they receive and the quality of care that RNs want to give.

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 the broad scope of practice, skills and experience that RNs bring. Hospitals are experimenting with alternative staffing due to extreme budget constraints, but it is clear from the evidence that alternative staffing models cannot replicate the level, nature and complexity of care provided by RNs.

Immediate changes to the funding model for hospitals are essential to properly staff hospitals with registered nurses to meet the care needs of increasingly acute patients.

We hope our stories help you to better understand why we need more RNs in Ontario hospitals. Our patients can't survive without it.

Thank you very much.

**The Chair (Mr. Kevin Daniel Flynn):** Very good. Thank you, Anne. You've left about two and a half minutes for questions. Catherine?

**Ms. Catherine Fife:** Thank you very much, Anne, for your presentation. It has been a common theme across the province, on the health care funding, that the model needs to be revised, with a priority to front-line patient care. We have heard consistently that middle management and administrative budget lines are expanding, though, in health care. Is this something that you can comment on? Because it does speak to reprioritizing patients throughout the province.

**0930**

**Ms. Anne Clark:** We have seen an increase in management-level positions. When the cuts came in the 1990s, a lot of the management-level positions were eradicated, and too many were eradicated. We still need a certain level of management, but it has now increased, I think, exponentially above what is required. For instance, the Ottawa Hospital actually cutting people—RN positions who actually do the hands-on, daily care for our patients—and replacing them with management is an indication of that trend, which I think happens throughout the province.

**Ms. Catherine Fife:** Yes, which compromises quality care.

**Ms. Anne Clark:** It compromises the quality of patient care, yes.

**Ms. Catherine Fife:** I just wanted to thank you for providing a cost analysis around early intervention and prevention care that RNs provide. Thank you very much for being here today.

**Ms. Anne Clark:** You're welcome.

**Mr. Michael Prue:** If I could just ask a supplementary on that. Getting rid of some management positions will not come anywhere near putting 17,000 new nurses—

**Ms. Anne Clark:** No; I agree.

**Mr. Michael Prue:** I've asked other people about the cost. I think if you did it all at once, it would be about $1 billion. I know you're not asking for it all once, but it is quite a sizable amount of money. Other than getting rid of management positions, where should the finance committee look, either from other sources to take money away, or should we just look to increase taxation? It's got to come from one or the other.

**Ms. Anne Clark:** It doesn't have to happen all at once, but the cuts have to stop now so that we maintain what we have. I'll give you an example: Because of the short-staffing that occurs daily in most of our institutions, we have members who work overtime constantly. That is a huge cost to a hospital budget. If you had adequate staffing, and that was what people worked, the money they spent on overtime in this province would fund a good portion of those new RNs, and that needs to be addressed.

**The Chair (Mr. Kevin Daniel Flynn):** That's great. Thank you very much, Anne, for your presentation.

## ONTARIO NURSES' ASSOCIATION, LOCAL 99

**The Chair (Mr. Kevin Daniel Flynn):** Let's move on to Cathryn. The floor is all yours: 15 minutes, the same as Anne. Use that any way you see fit. Any time at the end of this round will go to the government.

**Ms. Cathryn Hoy:** Okay, thank you. Good morning. My name is Cathryn Hoy, and I'm an RN at Kingston General Hospital, the ONA bargaining unit president and the local coordinator for Local 99. I am a bedside nurse still, and I also work as a clinical educator, developing future RNs.

The city I live in is my community. I have raised my children here and volunteered in the schools and minor sports. I've organized food drives for the food banks. I supported Breakfast for Kids. I tell you this because I want you to understand that my community is my family.

As a registered nurse, I—sorry.

**The Chair (Mr. Kevin Daniel Flynn):** Take your time. No rush; we're here all morning.

**Ms. Cathryn Hoy:** This isn't the politician part of me.

So as a nurse, I consider the patients I care for my family, and I want to ensure they get the support and resources they require and deserve. Honestly, it's becoming harder and harder each year.

ONA is Canada's largest nursing union. We represent 60,000 registered nurses and allied health professionals as well as 14,000 nursing student affiliates. These nursing students are important, and we want them to come into a supported environment. It's sad to see: They graduate, they work for one year, and they're gone, because the workload is too much for them. The pressure is too much for them. They don't have the rich resource of the senior RNs anymore to take the time to take them under their wing and to educate them.

You have just heard from my colleague who detailed the significant challenges of the delivery of safe care for hospital patients in the communities all across Ontario. We are no different here in Kingston.

You have heard that hospitals have responded to budget restraints with cuts to RN positions and implementing staffing models that have replaced RN care with less-qualified staff. You have heard how this underfunding of hospitals has resulted in fewer RNs, which in turn hurts patient care.

This morning, I want to tell you about the challenges that KGH has had to deal with related to unsafe staffing levels in the ICU. Patient-care issues at KGH in the ICU began in 2012 related to unsafe staffing levels due to a lack of adequate staff, skill-mix issues and the imbalance of experienced ICU RNs to new graduates. Some new staff were receiving insufficient orientation and mentorship, and with all the multiple new hires, the experienced staff were leaving. Morale was terrible, and there weren't enough people to support the new grads. These serious gaps in staffing resulted in patient safety and workload issues, and led to multiple hours of RN overtime to meet the needs of our patients.

The lack of adequate staff also prevents nurses from getting much-needed downtime, if any, through planned vacation or lieu time. Again, to the cost: This adds to the cost. People are working; they're getting hurt. There are increased costs there to the hospitals. People need their downtime. We don't have the nurses to replace us.

The RN vacancy resulted in high patient-to-nurse ratios. RNs were frequently caring for two or sometimes three critically ill patients at one time. In addition to caring for their own patients, they're trying to support the novice nurse who is working beside them, who is struggling with their workload and the numerous care requirements and interventions that occur with a critically ill patient.

Seasoned and experienced staff became burnt out, and new and novice staff were overwhelmed with the workload. RNs from both groups were choosing to leave the unit, further compounding the short-staffing issues.

There was a significant turnover of staff, both leaving the unit and new and novice staff being hired in. Overall, that staff turnover was 59%—again, added costs of reorienting these nurses instead of spending the money to care for the patients.

The challenge of staff turnover also resulted in decreased morale and a negative workplace culture. There were increased incidents of medical errors, unexplained extubations, missed treatments, falls and patient safety issues—again, cost-related. When things are missed, patients become sicker quicker, adding to more costs of tests and more nursing care.

The hospital was frequently unable to staff the unit to the required complement, and on several occasions the shifts were running short by several RNs. The lack of attention with KGH due to budgets ended up in an independent assessment committee hearing. This is the forum for front-line RNs who have identified ongoing practice issues and workload concerns affecting the level of care. This is all about the level of care. This is patient care.

Since the IAC was held in April 2013, as of this month almost all RN positions are filled. However, there are still several novice nurses in the unit who need time to gain experience and refine their skills, particularly in this very intense and fluctuating patient-care area.

It was a struggle to achieve the baseline and to ensure that the new staff were given the time and additional training and education they required to be qualified and competent to work in this acute area. Bringing in new RNs takes time, resources and money, so morale does still remain a challenge.

Additionally at KGH, there are ongoing issues in the emergency department, where they are frequently in a state of gridlock. As of June 2013, as a result of the reduction of pay-for-results money the hospital received from the LHIN, the hospital has had to remove 70 hours a week—that's a lot of nursing hours—from the emerg department. There are often times in that ER that an RN is caring for four to five patients, including two or more level-2 ICU patients. If those patients were in the department, the ICU, it would be a 1-to-2 nurse-to-patient ratio.

RNs are struggling. At times, they're unable to meet their standards for reassessment, provide care in a timely manner, or ensure timely access to medications and treatments. It's difficult for them to triage and perform the initial assessments for the patients in a reasonable time when they arrive in the emerg department. We continue to address these workloads in the emerg department, and we possibly could be heading to another IAC.

Ontario has lost millions of hours of care from cuts to RN care in hospitals as a result of the two-year funding freeze for hospital base budgets. You have heard many times that higher levels of RN staffing in hospitals are essential to perform for patients with complex and unpredictable conditions.

My account of RN staffing and concerns about patient care in the ICU and in the emerg department can now be added to your other testimonies. These stories honestly give you substance, and support the studies that do show that the average caseload in acute-care hospitals is associated with a 7% increase in complications and in patient mortality.

**0940**

The impacts on patient care I am talking about are entirely consistent with the research literature. Studies show that the cost of increasing registered nurse staffing in hospitals is associated with cost savings achieved by reducing adverse outcomes and length of hospital stays and avoiding death. The current reality is that the nurse-to-patient ratio in Ontario hospitals is unsafe, it is unmanageable, and it can be dangerous.

Patients in the acute-care setting have complex medical issues with multiple health conditions. They require a broad scope of practice, skills and experience that RNs bring to their care.

I hope this helps you to better understand why we need more RN care in hospitals. Our patients deserve our highly skilled care.

You need to ask yourself, what is the value of being cared for by a RN? We go above and beyond the call of duty. We are the first to work and we are the last to leave. We are the heart and soul of caring. We will pass through your life in maybe just a minute, because that's all the time we have, but we will impact you forever. We are empowered; we work 12-hour shifts, and we may only meet you that one time, but you're number one to us.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you very much, Cathryn—great presentation. You've left about five minutes for questions.

Soo?

**Ms. Soo Wong:** Thank you very much to both of you for your presentation. As a former RN, I certainly know your issues. Let's make sure the committee knows the Ontario Nurses' Association. Your members are mainly from the hospital sector; am I correct?

**Ms. Cathryn Hoy:** My members? Yes. ONA's members, yes.

**Ms. Soo Wong:** I would say about 90% of your membership are in hospitals.

**Ms. Anne Clark:** Yes, but we have the other sectors as well.

**Ms. Soo Wong:** Very small, absolutely.

**Ms. Cathryn Hoy:** Yes.

**Ms. Soo Wong:** As you know, when the government changed the funding—because we have continued for the last two years to present increases to the health care sector, compared to any other ministry. There's enough data to show that community-based care is the right thing to do. My question to you is, have your concerns been shared with the local board of directors at the hospital?

**Ms. Cathryn Hoy:** Yes. They were done through the IAC process and multiple meetings.

**Ms. Soo Wong:** Okay. My next question is, are you aware that starting next week the social policy committee is reviewing the LHINs, which the hospitals are part of? I'm going to encourage you to participate in that conversation.

**Ms. Cathryn Hoy:** Okay.

**Ms. Soo Wong:** My other concern I have is your comment about the workers'—meaning your colleagues—injuries and being hurt. Can you not also share with the committee that the 12-hour shifts—because if you're working 11 hours—11 hours have been proven time and time again for patient safety but also worker safety as well. My question to you is, have you had a conversation in your organization, as ONA, with the Chief Prevention Officer? We are the only province in Canada to have a Chief Prevention Officer to prevent workers' injuries.

**Ms. Cathryn Hoy:** My comment to that would be that it's not the 12-hour shifts that are the problem; it's the 16-hour shifts. It's when we cannot leave and go home because there's no one to replace us. Those 12-hour shifts become 16. It's not our regular schedule that is the issue. There's continuity of care that comes with the 12-hour shifts, as opposed to the three eight-hour shifts, which is a bonus. But when there's no one to replace you or the shifts are running short because there's no staff to bring in, instead of working our 37.5, or 75 hours a week bi-weekly, we're working 100 hours. That's where the injury comes in. When there's no one to replace us to take our breaks on a 12-hour shift, or we're staying an hour late because a patient is coding or a patient is too sick to go and the nurses are getting reports, that's when the issues are coming in. It's not our day-to-day work schedule that is the issue.

**Ms. Soo Wong:** Okay. I'm also interested to know, because the Ministry of Labour also has increased the number of inspectors across the province to inspect workplaces, and I'm aware that the health sector is considered high risk: Has your hospital been inspected by a WSIB inspector of the Ministry of Labour with regard to some of the injuries of your colleagues?

**Ms. Cathryn Hoy:** I'm not involved in the joint health and safety committee, but we do have representatives from ONA on it. What has been reported back to me is that our hospital has complied with everything, as far as the joint health and safety.

I'm not saying for a moment that it is the position of the hospital, or that they are putting us in an unsafe environment. I am saying that we do not have enough RNs to cover the shifts.

A lot of times, they can have a baseline with an RN-RPN ratio, but the acuity on the floor changes shift to shift, so the level of care changes shift to shift. Often, on our shifts, we have to change our patient assignments. Or someone calls in sick and there isn't someone to replace us.

You just cannot clock out at 1900. You cannot leave; we can't. We have to ensure that the patients are safe, and this is where the issues come in.

**Ms. Soo Wong:** I really appreciate you sharing your information with us, and I certainly encourage you to continue to advocate for your patients. Thank you for your presentation.

**Ms. Anne Clark:** Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Anne. Thank you, Cathryn. Thank you for everything you do on a daily basis, and thank you for coming today.

**Ms. Anne Clark:** Thank you. We do it because we love it.

**The Chair (Mr. Kevin Daniel Flynn):** It shows.

## PATRONS OF OUR COUNTY HOSPITAL

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is from Patrons of Our County Hospital. Al, David and Betsy, if you'd like to come forward. Make yourselves comfortable there.

**Ms. Betsy Sinclair:** We do have copies of our presentation.

**The Chair (Mr. Kevin Daniel Flynn):** We're going to get them from Katch, our Clerk. Make yourselves comfortable. Like everybody else, you get 15 minutes. Use that any way you see fit. If there are any questions at the end of your presentation, this time they will come from the Conservative Party. If you would introduce yourselves before you speak, so that the people who are taping this know who's speaking. The floor is all yours.

**Mr. Dave Gray:** Good morning, members of the committee. Thank you for allowing us to make this presentation. My name is Dave Gray, and I speak for POOCH, which is short for Patrons of Our County Hospital.

POOCH is a community-based group of volunteers whose mission is to protect, improve and promote our hospital and to serve the people of Prince Edward county, which includes a large number of senior citizens.

Government budgets are more than dollars and cents. It is government's obligation to its citizens, especially seniors, to provide the best care possible at rural hospitals. Lately, these obligations have been waning. The Ontario government has been cutting services and funding to rural hospitals.

People who live in the country who have to get to a hospital have to contend with distance, weather, transportation and other costs. Some are struggling on government pensions as their only income, and many do not drive. Urban residents have a good public transportation system for their needs.

Residents of Prince Edward county treasure their house of healing, supporting it by fundraising and donations, providing our doctors with the tools required to provide the best services possible for their patients.

Governments should realize that it is immoral, and also political suicide, to cut beds and services to rural residents. I urge our government to find other ways to cut expenses, so rural hospitals can provide the care that the residents require and should receive.

My last word is, experts are only experts when their ideas work.

I turn it over to the Rev. Al Reimers.

**Rev. Al Reimers:** Ladies and gentlemen, a little history: Tommy Douglas was a Baptist minister who became Premier of Saskatchewan. He had lived through the Great Depression, the crop shortage years of prairie dust storms, and the sacrifices of World War II. He knew the effects of poverty on the health of ordinary citizens. So in 1947, the Douglas government passed the first province-wide health care legislation. By 1961, the other provinces had similar laws, and within a few more years the federal government was giving some financial assistance. The major conditions for federal grants changed in 1977 and again in 1984, and there have been some smaller changes since then.

**0950**

In effect, our culture has said a qualified "Yes" to the ancient question, "Am I my brother's keeper?" The basic principle of the Canada Health Act is that all Canadians be equally eligible for subsidized health care, so that no family will have to sell its home in order to meet sky-high medical bills. We believe that continuance of the single-payer, non-profit health insurance system is a sensible approach to the reduction of some administrative costs.

We know that now, in Ontario, the system eats up 44% of the provincial budget. In meeting the need for cost reductions, the simplest way would be to cut all allocations by a straight percentage. However, rural and urban service areas are different, and not all hospitals are created equal. So we are here to request special consideration for Prince Edward County Memorial Hospital.

It is ironic that county people love their hospital but have little love for the way it has been treated within the current health care system. This past November, the National Research Corp. and the Ontario Hospital Association released a report that named Prince Edward County Memorial the top-performing hospital in Ontario for overall care in acute in-patient care in community hospitals and in the 90th percentile in all hospitals combined. That includes all small community and academic hospitals. Yet there is great public antipathy towards the Ministry of Health and the Quinte Health Care Corp., within which our hospital exists. Why is this? It is because of two serious political errors. First, a Conservative government forced our rural hospital into amalgamation with an urban hospital; and then a Liberal government continued the policy in a heavy-handed way, disenfranchising all the people of the county who, up till then, had been members of the hospital corporation and were qualified to vote for directors.

This erosion of the democratic process has since been followed by a number of cuts to medical services in our hospital that have been made with little or no public consultation. Our vice-chair, Betsy Sinclair, can tell you about services we have lost and some of those that we would like to have back, but first let me note that this past November, our current Premier told a national audience, "I believe in local governance."

**Ms. Betsy Sinclair:** Good morning. My name is Betsy Sinclair and I would like to talk to you about Prince Edward county, which is, in reality, an island, and therefore can be viewed as a microcosm for the study of how health care initiatives over the past 16 years have impacted our community.

The perception in the county is that we have been reduced from a rated B2 hospital to a first aid stop on the way to Belleville General. We need hospital services returned to the county based on the needs of our community, and here is why: We have lost general surgery; the lab; the phlebotomist technician; our dietician; outpatient physiotherapy; in-house food preparation; our chaplain, who was on call 24/7 for only a small stipend; maternity; and 30 hospital beds—and with those services and beds went the nurses and support staff that contribute to a vibrant and functioning hospital. We are left with an updated emergency ward—at a total cost of $4 million, of which $1.2 million was paid by the hospital foundation—radiology and patients lining the halls on busy weekends. On the books to be cut is endoscopy—and the reduction of acute-care beds down to 12.

We have been told that Prince Edward county is going to have a new hospital. The Prince Edward Health Alliance has been working on this plan for years, only to have the plan rejected over the number of beds purposed. The plan was put forward again, and we are awaiting an announcement supposedly next month as to its viability. We have also been informed that even with the acceptance of this plan, we are looking at 15-plus years before it is operational.

We are an aging population. The warden's report of 2007 and the 2011 Canadian census confirmed that the county's senior population was greater than that of the surrounding counties by 25.2% and greater than the provincial average, which was 14.8%.

From 1998 to the present, the centralization of services at the expense of our county hospital has been ongoing. Concern and complaints are met with greater centralization, as if by more micromanagement the problems can be cured. What you don't seem to realize is that your ongoing policy of speaking calming words while unilaterally destabilizing health care services has created a credibility issue with serious ramifications.

First, it is destabilizing Prince Edward county. If Prince Edward county is ever to develop beyond a tourist- and an agrarian-based economy, we need better, not worse, hospital services. Often overlooked is the fact that a hospital is a key factor when business and industry are looking for sites to expand their operation and in turn attract skilled workers.

Second, we believe that the constant repetition of the mantra that centralization is saving money is absolute nonsense, for all but a few specialized services. For most aspects of health care, local availability and access to hospital services that support the patient-practitioner relationship are cost-effective because they minimizes the need for high-cost intervention.

It has also created adversarial labour relations, rigid bureaucratic rules and structures, and an unnecessary proliferation of non-medical staff and public relations expenditures and centralized positions.

To stay afloat, you must continually cannibalize services. You only achieve savings by offloading health care-related costs onto patients, their families and the local community.

Third, it is bad governance. The feeling of powerlessness is at the heart of county concerns. The regional governance model pits incompatible interests against each other and it lacks even the most basic accountability to the people it is supposed to serve.

The cumulative effect of the last 16 years is that when it comes to our hospital, the present government has irretrievably lost credibility with the Prince Edward community. It is a failed organizational experiment. There is a definite disconnect between what you think is happening and local reality. We are very concerned about the impact of any proposed budget cuts and how they are going to affect our hospital's abilities to meet the needs of our community.

We thank you for this time.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Betsy. You've left a little bit of time for questions, between two and three minutes, starting with Steve.

**Mr. Steve Clark:** Thanks very much for your presentation. I was very concerned. I was elected in 2010; my riding encompasses the Brockville General Hospital, so we were part of that cluster of hospitals where the LHIN was looking at changing services.

I have to tell that—and I've spoken to your MPP, Mr. Smith, about this as well—the frustration that communities had with the LHIN. I was getting brown envelopes from doctors and front-line workers that were showing me the plans to remove general surgery from some of these smaller hospitals and have them gravitate to the larger centres like Kingston and Belleville.

I guess my frustration, and I'd like you to comment, is—I'm in a unique situation where I have two LHINs that cover my riding, the South East LHIN, which I had a horrible relationship with in 2010 and 2011, and the Champlain LHIN that covered a little portion of my riding that included the Kemptville hospital. The Kemptville hospital dealt with Champlain, and Brockville dealt with South East. The frustration that I had with the South East LHIN was, again, this certainty. They wouldn't come to the table and tell you the exact plan. It was sort of a death by a thousand cuts.

I'd like to hear from the Prince Edward community whether you feel that same frustration with the LHIN, not getting a straight answer about what the plan is, and what funding Prince Edward would receive.

**1000**

**Rev. Al Reimers:** The simple answer is "Yes."

**Mr. Steve Clark:** The other question is—and I've just seen it in some of my two hospitals—is there an increased pressure that the LHIN and the government have caused on things like hospital foundations? Is your hospital foundation now raising funds for things that used to be covered by the government in the past?

**Ms. Betsy Sinclair:** One of the problems that I believe our foundation is having is that, because of the rejection of Prince Edward County Memorial Hospital as a viable hospital in the LHIN's eyes, people are reviewing their donations. They are not giving as much. It is harder to get money for the foundation, and we have been told that a number of citizens who have put requests within their wills—which was quite common in the county—have either changed their will or indicated that they will no longer be supporting us.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you very much for coming today. It really was appreciated. Betsy, Mr. Reimer, Dave, thank you.

**Ms. Betsy Sinclair:** Thank you very much.

## NATIONAL AIRLINES COUNCIL OF CANADA

## INTERNATIONAL AIR TRANSPORT ASSOCIATION

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is from the National Airlines Council of Canada. Marc-André, if you'd like to come forward and make yourself comfortable.

**Mr. Marc-André O'Rourke:** Good morning.

**The Chair (Mr. Kevin Daniel Flynn):** Okay. If you'd like to make yourself comfortable, we'll see if we can get that hooked up for you. If not, we'll just have to proceed without it.

**Mr. Marc-André O'Rourke:** Yes, absolutely.

**The Chair (Mr. Kevin Daniel Flynn):** No problem.

**Mr. Marc-André O'Rourke:** Where is the—well, why don't we get going? It's not the end of the world.

*Interjections.*

**Mr. Marc-André O'Rourke:** Good morning. Sorry for the delay.

**The Chair (Mr. Kevin Daniel Flynn):** No problem. If we can get it going the first time, that'd be great.

**Mr. Marc-André O'Rourke:** Yes, and there's really not much. It's just easier to follow if we highlight certain things.

**The Chair (Mr. Kevin Daniel Flynn):** Okay.

**Mr. Marc-André O'Rourke:** Okay. Mr. Chairman—

**The Chair (Mr. Kevin Daniel Flynn):** Thank you. The floor is yours for 15 minutes. Use it in any way you see fit. Any time that's left over will come from the NDP, if there's any time for questions.

**Mr. Marc-André O'Rourke:** Perfect. Good morning, and thank you for the opportunity to be here this morning. My name is Marc-André O'Rourke. I'm the executive director of the National Airlines Council of Canada. In partnership with our colleagues from the International Air Transport Association, who unfortunately couldn't be here this morning, we're very pleased to be a part of these consultations.

I want to take a few minutes to explain why it makes sense to eliminate Ontario's tax on aviation fuel. Just to be clear, we're talking about the tax that's applied to flights that leave Ontario and go to the United States or other international destinations, so it's the international component of the aviation tax. I hope to make a compelling case, and then answer some questions.

By way of background, the National Airlines Council represents the four large airlines in Canada: Air Canada, WestJet, Air Transat and Jazz. Our mandate is to promote safe, sustainable, competitive air travel. Collectively, our members carry over 50 million passengers. We hire directly over 43,000 people, and as an industry, we support well over 200,000 jobs. We're also by far the largest users of Ontario's leading airports, Toronto Pearson and Ottawa Macdonald-Cartier.

IATA is the world's leading air transport association. It represents over 240 airlines.

There's no question that the economic benefits of aviation are significant. However, they could be much better. Ontario, sadly, is leaving a lot of money on the table, a lot of jobs on the table. We don't need to look much further than the five million-and-growing Canadians who decide to hop in their cars and drive across the border in search of lower airfares from US border airports. We could also look at the significant decrease in international tourists to Canada: Canada fell from seventh in 2002 to 16th in 2012.

As an industry, we have great reason to be concerned with the approach of simply downloading taxes and fees on the industry. Given the margins, they unfortunately are passed on to the passenger.

When we ask a public treasury to forgo some revenue, what becomes obvious is that we're asking the taxpayer to make an investment. When we do so, we hope that that investment will provide some returns—maybe not in the short term, but at least in the medium and long term. As such, if we're going to ask for this commitment, then we'll provide a return on investment.

In the documents you have, you'll find enclosed a report from economist Fred Lazar at York University that's going to highlight some of the benefits of eliminating this Ontario fuel tax. I'm going to highlight a few of them in a minute.

I just want to clarify what we're talking about here. We're talking about the 2.7 cents per litre that is taxed on flights that leave Ontario—so the Thunder Bay-Chicago flight; or an Ottawa-London, England flight; or a Toronto-Los Angeles flight. Ballpark numbers: We're speaking about two billion litres, which is roughly revenues of $50 million for the province. These revenues are directed to the Consolidated Revenue Fund, and unlike the vehicle fuel tax, they're not reinvested into the provincial airport system. It's also important to note that Ontario has no sales tax on airfares for flights that go outside the country.

Some of the benefits of eliminating this aviation fuel tax—and we'll discuss them very briefly: It would harmonize Ontario with other jurisdictions, it would provide economic benefits for the province, and it would be a great show of support for Ontario's airports. Just to put this into context, most Canadian provinces do not have or have recently eliminated this similar tax—Alberta in 2004 and most recently British Columbia in 2012, and I'll spend a bit of time speaking about British Columbia's efforts. I've also highlighted that some of Ontario's neighbours also have no tax: New York state, Minnesota, Vermont and Ohio.

Speaking of British Columbia, in 2012, the government took a serious look at this and decided that, as part of its job plan and aim to add more flights and give BC businesses greater access to growing economies in China, Japan, Korea and India, eliminating their aviation fuel tax was important. The BC government estimated that each new international flight, even one, would create between 150 and 200 new jobs. The BC government also recognized that it needed to increase its province's competitiveness and bring it in line with neighbouring jurisdictions, such as Alberta, Washington and California, which did not have this tax—which is a similar situation Ontario finds itself in.

Some of the benefits we can see if we do eliminate this 2.7-cent tax are—again, it's important to remember that aviation is part of a high-value chain. We're this engine that brings people to Canada, that opens markets for businesses. Given that the estimates are for the additional economic input to be between $70 million and $138 million and we could see an increase of almost 200,000 new passengers, 52,000 more tourists—and they're spending, using our hotels and our recreational facilities. It could create almost 2,000 new jobs for a relatively small investment.

**1010**

With respect to consolidating the strength of our airports, it is important to note that Toronto Pearson, as you can appreciate, is an important part of not only Toronto's but southern Ontario's economy and the country as a whole. Toronto Pearson is in competition with the Chicagos of the world, the Detroits and the Minnesotas, as major hubs, and eliminating this tax would go a long way to consolidating Pearson's status as a major hub in the world.

Again, and I'll speak of this a bit more on the next slide, reducing this tax has proven to attract new services, and it creates jobs.

Again, to touch upon the BC experience, despite facing fiscal challenges, British Columbia decided this was the right thing to do. They've recognized the value of aviation as an engine and they have seen concrete examples of airlines adding flights. I've cited a few examples here. There's a new Lufthansa flight to Munich, there are new flights to China, and these are, at least in part, and in big part, related to the savings that airlines now have when they fuel in Vancouver.

In closing, I just want to highlight a bit of what we believe the aviation industry is. It's this goose that keeps laying golden eggs for the government in terms of revenue, in terms of jobs, in terms of stimulating the economy, and what we are asking for, what we think is right, is for governments to view the industry as this engine, as this goose, and let's make sure that we don't end up cooking or killing our goose.

*Laughter.*

**Mr. Marc-André O'Rourke:** I got a few laughs, I guess.

In closing, we believe there are compelling reasons to eliminate this tax. For a relatively small investment—I sometimes feel a bit silly when I'm here and I hear about our hospitals, but it's a relatively small investment—it helps the economy, it does create jobs and it does bring new services to our airports in Ontario. I think it's the right thing to do and we would ask you to consider it.

**The Chair (Mr. Kevin Daniel Flynn):** Very good. Thank you, Marc-André. You've left about four and a half minutes. Catherine or Michael?

**Ms. Catherine Fife:** Interesting presentation. How many years have you been advocating for this change, and can you give us some sense as to, when you go to the government to have this conversation, what is the counterpoint or what is the feedback that you get?

**Mr. Marc-André O'Rourke:** On this particular issue, we have been bringing this up every year for several years. Most of our issues are with the federal government. To answer your question, my sense is recently that we're getting some traction. There is a recognition that there's a problem with the approach of simply downloading and adding taxes and adding fees to the airfare. I think there's a recognition that it's causing people to go elsewhere, to go to our border airports. The problem is, the government is struggling on how to fix that. The federal government is focused on balancing the budget. I get a sense that once that's done, they may turn their attention to our industry and give us a bit of breathing room.

There's no denying that governments enjoy or prefer the user-pay approach to aviation, which is fine, which was fine maybe 20 years ago, but unfortunately, it has led to Canada being uncompetitive when other countries don't have the same reliance on the user paying for the system.

**Ms. Catherine Fife:** And you did mention that BC was in a similar position. They were addressing some of their fiscal challenges, and they still did it. Can you give us some sense as to the return on investment for BC? I mean, you go through some things, but—

**Mr. Marc-André O'Rourke:** I don't have—

**Ms. Catherine Fife:** You don't have jobs numbers in BC?

**Mr. Marc-André O'Rourke:** I don't have the exact jobs at the time. What I do know is that they were estimating—I think I mentioned it—152 to 200 jobs per new flight. They received a new Lufthansa daily service from Munich in May 2013, and that was supposed to bring 15,000 new visitors to the province, again, using the hotel's spending, doing business.

**Ms. Catherine Fife:** Okay. Thank you very much. Do you have any questions?

**The Chair (Mr. Kevin Daniel Flynn):** Anything, Michael?

**Mr. Michael Prue:** This will have an effect on Canadian-owned airlines but will also pad the profits, I guess, of foreign airlines as well. I mean, what you're asking us to do is to drop a tax that benefits all Ontarians—$50 million. It will increase the profits and the profitability of airlines, some of which are Canadian-owned and based here, some of which are offshore. You cited Lufthansa; you cited Chinese airlines and others. I'm just trying to get my head around—I know that they come here; they bring people here. But it will also help their bottom line.

**Mr. Marc-André O'Rourke:** I think we have to be a bit careful. Studies have shown, and practice has shown, that given the nature of the industry, given the razor-thin margins—and they truly are razor-thin margins—any savings are generally passed on to the passenger. So the hope is that this won't go into the pockets of airlines. It will reduce airfares, or at least give some breathing room to do so, because airlines have the greatest incentive to reduce their airfares.

Again, there's a study that came out in the fall, and, historically, any savings—I can't say all of them with a straight face, but most of them—find their way to the passenger. We all benefit from lower fares. We benefit from more services, more connections, more destinations.

**Mr. Michael Prue:** Okay. Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Very good. Thank you very much for coming today.

**Mr. Marc-André O'Rourke:** My pleasure. Thank you for having me.

## ALLIANCE TO END HOMELESSNESS

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is the Alliance to End Homelessness. Mike, if you'd like to come forward. Make yourself comfortable anywhere you like. I think there are some clean water glasses there and some water if you need it. Like everybody else, 15 minutes. Use that any way you see fit. If there's any time left over, it will go to the government side this time. It's all yours.

**Mr. Mike Bulthuis:** Good morning. Do I need to turn this on?

*Interjection.*

**Mr. Mike Bulthuis:** There we go. Thank you.

Good morning and thank you for the opportunity to be here with you this morning. My name is Mike Bulthuis, and I recently joined the Alliance to End Homelessness in Ottawa as its executive director.

The Alliance to End Homelessness in Ottawa is a non-profit, non-partisan association with 43 organizational and individual members. All of our members greatly appreciate the essential role that the province of Ontario plays and the successes that they and we together achieve in our community.

The alliance and its members represent a community committed to responding to the needs of Ottawa's homeless individuals and those who are at risk. Through recent events, I think we've again seen our local citizenry's concern about homelessness and strong desire to find solutions. There is, however, growing frustration, as resources are not meeting demand.

I want to introduce Ottawa's new 10-year housing and homelessness plan. During 2012 and 2013, as required by the province, the city of Ottawa convened the community in consultations towards developing a new 10-year plan to address housing and homelessness. Ottawa's plan articulates a number of goals, including, by 2024, ending long-term homelessness. This is to be done by employing a housing-first approach, working for emergency shelter stays of only 30 days or less. These goals are ambitious and they're bold, but they're achievable, and they're worthy of broad support.

Consider our current scenario: In 2012, for the over 7,000 individuals and family members who used a shelter in Ottawa alone, the average length of stay was 68 days. That included an average stay of 88 days for families, a length more than double that of only six years earlier.

A 2013 study found that 12% of individuals accessing Ottawa's shelter system between 2004 and 2007 were doing so repeatedly or for long periods—many for years—consuming 52% of shelter bed spaces. The same study found a similar pattern of shelter bed use in Toronto. Ending homelessness for these shelter users could return our shelter system to its emergency orientation, responding to emergencies like fire, family breakdown, illness and so on.

**1020**

We know that ending homelessness is not only good social policy; it's good economic policy. We pay in economic terms for homelessness every day. When individuals and families are homeless, their health declines, they're more likely to have injury, they are more likely to come into contact with law enforcement, and their school success suffers. We all know that the better strategy is to invest in housing stability and long-term solutions. However, the high cost of affordable housing makes it a particular challenge. So how do we get there?

The alliance regards the articulation of goals in our 10-year plan as an important step. Indeed, since 2009, we have identified four interrelated targets, based on evidence of how we're doing in real terms, that, if achieved annually and over a 10-year period, could enable Ottawa to effectively end homelessness for individuals and families. Our targets are in the information you have:

—to reduce the number of people using shelters each year by 500;

—to reduce the average length of stay by three days every year;

—to create 1,000 new affordable housing options each year; and

—to make housing more affordable for people in low income by improving their incomes.

In 2012, results for each target kind of varied. While only 139 new affordable rental units were created, 600 households were helped with new rent supplements from the city, in part made possible by the provincial upload. In other areas, average length of shelter stay and numbers in shelters were simply holding steady; there was no progress. Clearly, until there is a sufficient amount of new affordable housing and considerable improvement in low incomes, we will struggle to gain ground. Indeed, achieving our 10-year goals of the new plan passed by the province, and those of the plan, will require enhanced initiatives. To that effect, we identify five recommendations, including some at virtually no cost, as follows.

Our recommendations are in three categories, and the first are strategies for new supply. From 2004 to 2012, only 1,232 new-built affordable housing units were added in the city of Ottawa. However, 30% of our renters experience core housing need and 10% of our renters are paying more than 50% of their income on monthly shelter costs. In fact, 37,000 renter households have annual incomes of less than $25,000. Our 2.9% rental vacancy rate at the end of 2013, quite frankly, is doing little for those who need affordable housing. CMHC has shown quite clearly that rental condos, which are the bulk of our new rental supply, cost on average 25% more per month than purpose-built rentals.

Our first recommendation is that Ontario sign, as soon as possible, and commit to a renewed investment in the affordable housing agreement with the federal government, matching the five-year, 2014-to-2019 commitment announced by the federal government in 2013. Indeed, the development of new, non-profit and other good-quality, affordable rental housing will further stimulate construction, creating more jobs for the Ontario economy and increasing the number of affordable places for people on a low income to live.

We support the creation and maintenance of mixed-income communities across our city. We're pleased that the city of Ottawa, within our official plan, has a goal that 25% of new residential development be affordable. We're pleased to see the increased application of section 37 benefits pertaining to community benefits, and this principle of density bonusing. However, limited existing tools have made achievement of a 25% goal virtually impossible.

So our second recommendation is, as a low-cost proposal for the province, and to ensure consistency across our communities, that Ontario finally grant municipalities the express authority to implement inclusionary housing programs, ensuring that a specified percentage of housing units in all new housing developments of a minimum size contain or contribute to housing units that are affordable.

In terms of increasing incomes, in Ottawa in 2012, an individual who would be receiving Ontario Works would need a staggering 124% of their monthly receipt to cover the average rent for a bachelor apartment. An individual receiving Ontario disability support would find themselves in a situation only slightly better, needing 70% of his or her monthly income. These situations are inadequate and impossible; they leave individuals on benefits with little or no purchasing power to address basic needs.

The province increased social assistance by $14 for single adults in 2013 and it increased the benefit rate for OW and ODSP by 1%. Unfortunately, over the same time period, from October 2012 to 2013, average market rents increased by an average of 2%. By raising assistance levels or introducing a housing benefit, as has been discussed in the past, the province could make affordable housing much easier to reach.

Our third recommendation is that Ontario adequately respond to the recommendations of the 2013 report of the Commission for the Review of Social Assistance in Ontario with a $100-per-month increase to OW and ODSP, coupled with full indexation annually, moving forward.

Affordability for the working poor, who are not necessarily receiving provincial assistance, is a growing concern as well. In 2012, a full-time worker earning minimum wage in Ottawa required a full 46% of their monthly earnings to afford average rent for a bachelor apartment. That's an increase from 44% only two years earlier, arising from Ontario's minimum wage, which has been frozen since 2010.

We join with Health Providers Against Poverty and many others across the province, recognizing the difficult choices low-income earners face between paying for rent or paying for food, spending time with the kids or working a second or third job. So we call for implementation of a living wage.

Our fourth recommendation, as a low-cost proposal, is that Ontario move towards implementation of a $14 minimum wage in order to place a full-time worker marginally above Ontario's poverty line. Right now, they find themselves far below.

Our fifth recommendation is around homelessness initiatives, and I know this is something that you've been hearing about from other delegations with regard to the Community Homelessness Prevention Initiative.

The elimination of the Community Start-up and Maintenance Benefit, and the capping of shelter per diems and an overall reduction in program funding, has left the city of Ottawa needing to allocate $4.4 million from other important municipal funding envelopes, including other social supports related to home ownership and others, to meet community needs. Even after they re-profiled this money and found it within existing, $2.2 million in benefits have been eliminated.

In our efforts to end homelessness, moving the yardstick forward while investments fall back is a challenging proposition. Transition funding in effect from January 2013 to this March has been welcome.

So our fifth recommendation is, alongside a province-wide coalition, that the $42 million in CHPI transition funding be made a permanent annual investment to address our critical housing and homelessness needs.

In conclusion, based on data from 2012 and based on nine-year trends related to shelter stays that the alliance puts together every year, we projected the costs facing the Ottawa community, if investments to end homelessness remain static and if trends continue. While actual expenditures on shelter by the province and the city combined were just under $22 million in 2012, these numbers would be projected to rise to $56 million by 2023. Clearly, there is a cost to doing nothing more than what is currently being done.

We call on the province to continue in its housing and homelessness investments, to demonstrate its firm commitment towards the full implementation of Ottawa's and the province's new 10-year housing and homelessness plan for Ottawa, with action on the recommendations noted today.

I thank you for your time.

**The Chair (Mr. Kevin Daniel Flynn):** That's great, Mike. Thank you very much for your presentation. You've left about four minutes for questions. Steve or Mitzie?

**Ms. Mitzie Hunter:** Thank you, Mr. Chair, and thank you so much for your presentation this morning and for bringing focus on a very important issue in our province and in our country.

Our government has put forward a long-term strategy for affordable housing and is moving towards that and has made investments. I do think that Canada needs an affordable housing strategy, and it's something that we should all continue to call for and ensure that there is provision made for that across the country.

I noted in your presentation—I've spent a couple of years in this sector, and there is this idea of inclusionary zoning. It's used in cities and states across the US to encourage private sector investment and involvement in the housing sector. I'm wondering if you can speak about what potential you see there and the benefits of inclusionary zoning.

**Mr. Mike Bulthuis:** We're doing a lot of analysis in terms of how many units this could bring to the community. I don't have those figures, but if we look at experience in the province of Manitoba, which just passed legislation last year, as I understand—and certainly the province of BC and other American cities, as you pointed out.

I think if we look at what we have been able to achieve thus far, through density bonusing with section 37—in the city of Ottawa, it's only really in the past year that section 37 has been applied. I think we've seen maybe a handful of those community benefits go towards affordable housing. We certainly know that in the city of Toronto, the principal has been used for affordable housing a little bit more often, and we've seen, if I'm not mistaken, certainly millions of dollars go towards that.

I think right now, the unfortunate part is that we only really see that happening when we consider the uptake value of condominium towers. I think if we can apply that to the amount of rural farmland, especially in Ottawa, that is being converted into suburban land, I think it aligns well with the provincial strategies for intensification. If we look at the uptake value the developers would have as they convert that land into housing, we could certainly gain more units in that way as well.

In order for those units to be able to be affordable—sorry to use the word too many times—to those with the lowest incomes, I think we would need to supplement those with potential housing subsidies and so on. But I also think the principle of mixed-income communities is a really important part of that.

**1030**

**Ms. Mitzie Hunter:** Excellent. Do you have any thoughts on the administration of housing subsidies? I know that there are issues of wait-lists, and people are waiting a long time for access to affordable housing. You've noted in your presentation that some people are spending as much as 50% of their income on shelter. Any thoughts on how housing subsidies could be administered to help provide some relief?

**Mr. Mike Bulthuis:** I think that housing subsidies are proving to be a really effective tool right now, given the high capital up front that would be required for new stock. The challenge with our subsidies is tapping into a landlord market that is hesitant to engage some of the clientele that our members are serving. We're certainly looking for additional housing allowances and rent supplements, but with that, I think we need new tools to encourage and incentivize landlords to participate in these programs.

In the year 2012—our target is 1,000 new housing options each year—we reached about 886, but over 700 of those were through rental supplements and housing allowances. So I think they're a fantastic part of the tool box. I don't want to say they're the only tool.

**Ms. Mitzie Hunter:** Do I have time for one more?

**The Chair (Mr. Kevin Daniel Flynn):** You've got about 12 seconds.

**Ms. Mitzie Hunter:** Comment on new-build for purpose-built housing for people who are homeless, have developmental disabilities. What are the opportunities there?

*Interruption.*

**The Chair (Mr. Kevin Daniel Flynn):** Briefly.

**Mr. Mike Bulthuis:** Sure. I think the opportunities are that in doing so, we can address a shelter system that is simply overworked right now. I know; my own office is in one of our Salvation Army shelters.

I think that there is so much more federal and provincial policy that is focusing on bringing people who have been effectively institutionalized in our shelters out of those and into housing. We know that we have supportive housing and an affordable housing industry within Ottawa that is more than happy to support this clientele. Last year, the city's RFP was directed towards pulling 100 individuals out of the shelter system and giving them those supports. I think that is a fantastic first step, and we would love to see that grow.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Mike. Thank you very much for coming today—great presentation.

## KINGSTON HOME BUILDERS ASSOCIATION

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is coming from the Kingston Home Builders Association. Jordan?

I will tell you the Ottawa Poverty Reduction Network is cancelled today, just so members know.

Jordan, would you like to take a seat? The floor is all yours. Fifteen minutes: Use it any way you see fit. Any questions will come from the Conservative Party this time.

**Mr. Jordan Van Leuken:** Perfect. Thank you. Mr. Chairman, members of the committee, good morning. My name is Jordan Van Leuken. I serve as president of the Kingston Home Builders Association and I am the planning manager and architectural technologist for Braebury Homes. We are proudly affiliated with both the Ontario Home Builders' Association and the Canadian Home Builders' Association. Thank you for providing the opportunity to speak on the upcoming budget.

The Kingston Home Builders Association is the voice of the new housing, development and professional renovation industry in Kingston, and our association includes approximately 160 member companies. The residential construction industry in Ontario supports over 322,000 jobs, paying over $17 billion in wages and contributing over $43 billion to the provincial economy.

The Kingston housing market experienced a decline this year in contrast to the population growth. Housing starts dropped by 5%, from 896 in 2012 to an estimated 850 in 2013. We are very concerned that CMHC is forecasting a further 15% decline to 696 starts in 2014. This will lead to a large drop in jobs, the purchase of local materials and overall contributions to the provincial economy.

The housing we build in Kingston does not just represent a roof over a family's head, but also thousands of jobs from skilled trades to architects, engineers and planners. The housing industry also generates huge numbers of indirect employment in other industries that include furniture and appliance manufacturers. It is important to note that most of the materials we use in new communities are locally sourced. We support Ontario's forestry sector with wood supply included in the homes we build. Ontario's aggregate sector is also supported with the building's foundations and structures for multi-family dwellings our members build.

Our home-building industry as a whole is an industry that drives our local and provincial economy. In the past few years, this engine has been starved of fuel by over-regulation and over-taxation. Unless some maintenance is done, it may soon become an unsustainable industry.

Our hope is that, in the near future, young families and couples are able to afford a new home in Ontario. Housing is a necessity, just as health care is. We remain concerned about the broader economy, as some sectors have not fully recovered from the recession. When consumers are not confident, unemployed or lacking job security, they do not invest in a new home or renovate their existing home. This is why my deputation today is going to focus on the economy, job creation and ensuring a fair, transparent and evidence-based planning process.

The KHBA also represents the professional renovation sector, and our members are competing against underground cash operations. These operations do not pay WSIB premiums, GST or HST, and do not file income tax or corporate tax returns. The unregistered cash operations are currently rampant in our industry. They put themselves at risk by not adhering to current health and safety standards, and they put consumers at risk for liability and unregulated workmanship. In most cases, these independent and unprofessional individuals do not have legal permits to perform work in Ontario. This growing concern is becoming a larger issue each and every year, as the underground economy is increasing dramatically in the renovation sector.

Legitimate home-building and renovation companies fill out a T5 for every trade that works for over $500, and only deal with established companies that report taxes each year. Filling out this paperwork is very time-consuming, in contrast to underground cash-operating individuals who do not fill out any tax papers at all.

In the past, Braebury Homes tried a renovation business, and we could not compete with the lower prices of untaxed, unregistered individuals working on a cash basis. Knowing that there is no repercussion to these individuals, the underground renovation industry has expanded, resulting in the loss of tax dollars.

The provincial government needs to become serious about protecting legitimate businesses from underground competitors to ensure protection of the industry's integrity as a whole. This problem was compounded when the HST came in as that additional 13% at the bottom of a renovation bill, which often prompts the homeowner's question, "How much would we save if I paid cash?" I'm sure this comes as no surprise to anyone in this room, as certainly everyone knows someone who has done some work for cash.

We suggest that, instead of requiring builders to provide extensive accounting records on trades, suppliers and so forth, they submit records of accounts over $500 to the government. These orders, given to the local government, can pinpoint users of the cash-based, underground renovation system.

Currently, unregistered and cash-based renovators are able to make a business of undercutting legitimate and registered home-building and renovation companies. These individuals are draining the local taxes and forcing registered and taxpaying companies to pay even higher taxes in response.

We believe that a broader-based, consumer-focused tax credit, similar to the federal government's expired Home Renovation Tax Credit, would greatly assist our industry's professional home builders with the problem of the cash economy in the renovation sector. Related to this is the Healthy Homes Renovation Tax Credit, which we strongly supported and offers a rebate to seniors to age in place by making accessibility-related retrofits. I can tell you that we are working with both our members and consumers to promote this tax credit. The Healthy Homes Renovation Tax Credit also has the added benefit of fighting the underground economy.

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

We recognize that the shift to a harmonized sales tax has some benefits to the broader economy, specifically manufacturing, but harmonization has brought about significant taxation implications impacting new homebuyers and, as I noted earlier, homeowners contemplating a renovation.

We supported the enhancements the province made in 2009 to replace the initially proposed regressive dual threshold with a progressive tax structure that is applied to new homes. This was a positive step for housing affordability. I want to be clear that, while we support positive measures taken to improve the tax structure, it still represents a net taxation increase for homes valued over $400,000. In the wake of all these additional costs being borne by new homebuyers, these values should be increased.

**1040**

Ontario home prices tend to rise over time, and from 2000 to 2011, the new housing price index increased some 44%, compared with general inflation that rose by 26% and the median family income, which advanced by only 20%. This disparity in price index to general inflation is probably 100% caused by the additional taxation and over-regulation in the professional homebuilding, development and renovation industry. And while these price increases result in more taxes for municipalities and the provincial government, it is not sustainable on a long-term basis. As a result of faster house price appreciation and therefore to avoid further erosion in housing affordability in the coming years, we recommend that the threshold should be reviewed on a regular basis. This would substantially improve housing affordability for the middle class and new homebuyer, and ensure that the tax rebate continues to reflect changes in house prices over time.

Our provincial association, OHBA, responded positively to last year's budget, as it continued to make significant investments in core infrastructure with the announcement of an extended three-year, $35-billion commitment. We expect that this year's budget will maintain that commitment, as it is absolutely critical that the province continue to support job creation to ensure a sustainable recovery. We believe that strategic infrastructure investments help enhance quality of life, support economic prosperity and enhance productivity.

The provincial government should focus on core infrastructure investments. By that, we mean roads, bridges, water, waste water and public transit. These types of investments leverage additional private sector jobs and investments while improving productivity. I should also add that the province can't make these types of investments in isolation. It is important that land use planning policy is in alignment with long-term infrastructure. That means provincial policy must provide leadership, and municipal implementation documents, including both official plans and zoning, should be in conformity with planned infrastructure to create investment-ready communities.

In closing, I'd like to thank you all for your attention. To reiterate our key themes: We support a permanent home renovation tax credit to combat the underground economy; we support continued investment in core infrastructure; and lastly, we recognize the province is in a deficit position, and it may not happen immediately, but we believe that it is important that the province commit to a regular review of the new housing HST threshold at least every five years. Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Very good, Jordan. Thank you. You've left about four minutes for questions. Jim?

**Mr. Jim McDonell:** In our area—you talked about the underground economy—we have the additional pressure of the Quebec worker who comes across, works in Ontario and of course is not paying incomes taxes in Ontario, is not being licensed—WSIB and all those issues are not contributed in our province. But then there's also the underground economy that you're seeing. So what percentage would you say it is affecting? How big is it in the Kingston area?

**Mr. Jordan Van Leuken:** It is very rampant in the Kingston area. I can't give you an exact percentage number right now, but we do have the figures back at the office. It is very evident in the renovation sector within Kingston that people will be calling around to general contractors, individual contractors or trade-specific contractors, and they're always asking the same question: "What if I do it for cash? How much for cash?" And this always promotes the same challenge that some of these people are enticed by this notion of cash. They may not have to claim it; they don't have to—it's just lucrative.

The percentage, I can't tell you exactly right now, but I know it's a pretty substantial percentage in our area.

**The Chair (Mr. Kevin Daniel Flynn):** Steve?

**Mr. Steve Clark:** Thanks for your presentation. I was a bit surprised, though, that although you did mention over-regulation—I've met with some of your members, and certainly some people in the industry in eastern Ontario have expressed concerns to me about Bill 119, the mandatory WSIB coverage. I also had some of the people in your industry express grave concern about the College of Trades and the impact it has on your industry. Would you like to make a few comments on those two issues?

**Mr. Jordan Van Leuken:** Actually, I would like to hold back, as I have other members within our association who are a little bit more versed on those than I am right now.

**Mr. Steve Clark:** But you have to agree there is still a big concern within the industry about that.

**Mr. Jordan Van Leuken:** There is a big concern with the increased WSIB premiums really driving renovators to seek underground. The College of Trades is inhibiting a lot of these contractors from expanding. Realistically, there are challenges with these two issues.

**Mr. Steve Clark:** Okay. That's great. Now, in terms of the tax credit, are you looking at something similar to what federal Minister Flaherty put forward? Is that the type of credit you're advocating for today?

**Mr. Jordan Van Leuken:** Yes, similar. We're advocating for something that had occurred previously. In my personal experience, I did take advantage of it at my own household. It was really good. It was a good situation, and I got to gain a lot of experience with a lot of local contractors. A similar program to what had previously expired is what we're gunning for.

**Mr. Steve Clark:** And since that federal program isn't there, with some of the over-regulation that you're seeing at the province, you really are having an issue with the underground economy. We're right back to where we were before, are we not?

**Mr. Jordan Van Leuken:** Yes, I would definitely agree with that.

**Mr. Steve Clark:** Thank you, Chair.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Steve. There's about a minute left. Anybody have a question? Closing comments?

If not, thank you very much for coming.

**Mr. Jordan Van Leuken:** That's great. Thank you for having me.

**The Chair (Mr. Kevin Daniel Flynn):** Thanks, Jordan.

## SPIRITS CANADA

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is Jan Westcott from Spirits Canada. Welcome, Jan and C.J.

**Mr. Jan Westcott:** Mr. Chair. Ladies and gentlemen.

**The Chair (Mr. Kevin Daniel Flynn):** Make yourselves comfortable.

**Mr. Jan Westcott:** This is Ontario. It's not bootleg; I obey the law completely. See me later.

**The Chair (Mr. Kevin Daniel Flynn):** Like everybody else, Jan, you have 15 minutes. Use it any way you see fit. If you'd introduce yourselves for Hansard. Any questions will come from the NDP this time.

**Mr. Jan Westcott:** Okay. Thank you, Mr. Chairman, and ladies and gentlemen. I'm Jan Westcott. I'm the president and CEO of Spirits Canada. My colleague C.J. Helie from the association is with me here today.

We are the only national trade association representing the interests of Ontarian and Canadian spirits consumers, manufacturers and exporters.

We are an Ontario-centric industry, with key production facilities in Amherstburg and Windsor in southwestern Ontario, Brampton in the GTA, and Collingwood in central Ontario. We have another fellow who's not a member but a good guy, and he makes good products—John Hall, in Grimsby, at Forty Creek. So we're five production facilities in Ontario. One of them, Hiram Walker in Windsor, is the largest distillery in North America. So we have scale as well.

These spirits production and maturation facilities source and buy local goods and services from hundreds of local, small and medium-sized businesses and farms. In fact, we are not your typical Canadian hewers of wood and drawers of water. We take raw materials and add a tremendous amount of value, and then ship them around the world, using a lot of the skills and expertise of Ontarians.

All of the industry's corporate headquarters are now in Ontario, having moved here from a number of other provinces. Those corporate headquarters obviously provide highly valued and highly skilled labour positions in the province.

We are primary manufacturers. We go from grain to glass. We take locally grown cereals and transform them, as I said, into high-value-added, branded consumer products, which we sell both in Canada and around the world. A number of our products, I would say, are icons of Canada. We've been here a long time. A couple of our brands in the last five or six years have celebrated 150 years of continuous production and sale around the world, two of the most noted ones being Wiser's whisky and, obviously, Canadian Club.

Spirits' volumes represent 5% of the total provincial alcohol sales and 25% of their retail value, yet spirits directly generate 40% of the $2.1 billion net return to the provincial treasury that's derived from alcohol sales. So 5% drives 40% of the actual dollars that go to the government. This disproportionate take from spirits is a combination of higher product markup rates on spirits on our sales to the LCBO plus much lower tax rates imposed on our competitors in the beer and wine industries that are sold through private outlets.

**1050**

To be fair and to maximize economic activity here in Ontario, we respectfully suggest that products such as spirits, without the privilege or the ability to sell through private channels—because we can only sell through the LCBO—should in fact have the lowest LCBO product markups, not the highest, as is the case today.

I believe the committee heard evidence last week from Brick Brewing that Ontario is amongst the most profitable beer markets in the world, and the same is true for domestic wine here in Ontario. Yet Ontario, while it's the best place in Canada to do business, provides amongst the lowest gross margins for spirits in the world. As our senior executives—we're a global business, just like the beer industry, just like the wine industry today. As our global executives go to those capex meetings in other countries and make the case for investing in our category—Canadian whisky—or in our business or innovation, it's a tough sell because the margins here are lower than they are literally anywhere else, and certainly well below the margins available to our direct competitors in the United Kingdom and in the United States.

The effect of these depressed margins for spirits has been to essentially starve the Ontario industry of critical life-sustaining reinvestment and has contributed to a range of what I think are unintended consequences, including reduced international exports, a less competitive domestic alcohol market and the misallocation of resources.

In addition to serving Canadian consumers from coast to coast, Ontario's spirits producers are key suppliers to the world. In fact, spirits annually represent two thirds of all Ontario-sourced beverage alcohol exports, far more than beer, cider and wine exports combined. In 2012, the value of our international exports of spirits from Ontario was about $325 million, and while the 2013 figures aren't here yet, we think that Ontario-sourced spirits are going to hit $355 million. Every one of those dollars represents grain that we buy in Ontario, jobs in manufacturing, packaging acquisitions that we make etc.

These exports are critical to the financial health of our local facilities, yet it's becoming increasingly difficult to attract investment to Ontario, as I said—investment that's necessary for us to remain globally competitive. In fact, unlike other sectors, given the discriminatory tax burden on spirits in this country, we have a huge incentive to actually export to markets where we can generate better margins than we can here at home. So it's hard to conceive, but we could actually see a day where there would be shortages of product like Crown Royal here, so that we would be selling in the United States and making a lot more money. It's hard to imagine, but it's possible. And we're certainly seeing those kinds of things in the Scotch whisky business these days in a number of places.

The challenge for us is that margins generated in our own home market are really critical in funding the development of new export markets, along with innovation, keeping our plants current, improving our environmental footprint and remaining competitive just in terms of our marketing and sales.

Ontario's spirits can now access what have before been largely closed markets—places like Columbia, Vietnam, eastern Europe—but the low gross margins that we have here in our home province and in Canada place the industry at a very significant disadvantage compared to our principal competitors in the Scotch whisky and particularly in the American bourbon industries, both of which enjoy much more significant gross margins in their home markets than we do.

Over the last 10 years, the Ontario government and its ministries and agencies have poured over $400 million in direct financial assistance to beer and wine producers in this province, and spirits producers have essentially been completely neglected. That's kind of interesting because the birth of the spirits industry in North America almost is right around here: a distillery in the early 1800s in Prescott and a distillery in Corbyville were the very first two large commercial distilleries, so this is really the area of the birthplace of our industry, not just in Canada but literally in North America.

These taxpayer handouts—the $400 million I talked about—to beer and wine producers, many of which are in direct contravention to both Ontario and Canada's international trade obligations, also send a clear message and quite an unambiguous message to international spirits companies, namely that spirits producers are really second-class corporate citizens here, and their investment is not really appreciated in this province and this country. In order to sustain an Ontario-based spirits industry, this international perception of Ontario and Canada as hostile to spirits—we have to fix that. The fact that we have low margins is one thing, but this perception that we're just not really open to the spirits business—notwithstanding that it started here and it's very robust—is pretty hard to get past.

The overall economic policy framework in Ontario today conspires against growing our international beverage alcohol exports. It really does encourage the misallocation of financial resources, and it disadvantages cereal and grain farmers versus people who they compete with, both in the agricultural sector and in the consumer product sector in the beverage alcohol business. We believe it's time for a fundamental rethink if Ontario's truly interested in retaining a globally relevant beverage alcohol industry.

We're therefore requesting the committee's support for a modest reduction in the LCBO's product markups applied to spirits of about two basis points—we pay 139%, plus a whole bunch of other charges, down to 137%—to help fund facility and infrastructure improvements, including but not limited to efficiency improvements and environmental upgrades, and assist in offsetting the cost of maturation—remember, unlike anybody else, when we make our whisky, we hide it for a minimum of three years; these days, it's more like six, seven, eight or nine years—and invest in product innovation and export market development.

Thank you. I'm happy to take any questions.

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

Any questions? It'll be the NDP. Michael? Just over four minutes.

**Mr. Michael Prue:** Four minutes. In your very last paragraph, you're seeking the reduction from 139% down to 137%. How much would that cost the LCBO?

**Mr. Jan Westcott:** About $15 million a year.

**Mr. Michael Prue:** Fifteen?

**Mr. Jan Westcott:** Fifteen.

**Ms. Catherine Fife:** One five.

**Mr. Michael Prue:** One five. Okay. And for that, what will we anticipate the spirits industry would do with that $15 million?

**Mr. Jan Westcott:** Every company has got a different strategy. Some of our companies need upgrades in the plants that they run.

There was an interesting article a week ago. There's a contract negotiation going on in Amherstburg between Diageo and the CAW. The union head down there made an interesting comment and said, "This negotiation isn't about wages, it's not about pensions, and it's not about working conditions; it's about how come the company's not investing in that plant and that property to make sure that it's robust and very competitive." That's the issue.

There are plant investments—what's going on now is that vodkas have been on a tear for 20 years, and we're starting to see vodka levelling off. Within the North American market, there's a huge interest in North American whiskies, particularly Canadian whisky, and bourbon. For 80 years, we have been the leading-selling whisky in the United States, outselling everything else. In 2012, we slipped into number two, and so we need to be investing back in the United States, particularly when there are opportunities staring us in the face when consumers are saying, "Wow, this is pretty good." But you've got to go and spend money to sort of capitalize on that. That would be an example.

Innovation: We have to bring out new products. Just as we've seen in the vodka business and in the rum business, the flavoured, we're starting to see the emergence of flavoured whiskies, which are broadening the appeal of our products to beyond people like me—younger people and women, particularly.

We have a mature market in Canada. We're not going to sell a huge amount of more alcohol. I think the opportunity is certainly in the United States and, as I say, some of these new markets that are emerging.

**Mr. Michael Prue:** Perfect. Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Go ahead, Catherine.

**Ms. Catherine Fife:** Thanks very much for the presentation, but I think that's an important distinction: that you have a product that you can expand, from an export perspective.

**Mr. Jan Westcott:** Yes.

**Ms. Catherine Fife:** Absolutely. In your specific ask, you say that you would like to redirect some of that funding towards efficiency improvements and environmental upgrades. Are there any current incentives for environmental upgrades as the current system?

**Mr. Jan Westcott:** The boiler system, the energy system, at the largest distillery in North America is 60 years old. Yes. People have things that need to be done in our plants.

The presidents tell me that they sit at these global capex meetings and they put their hand up and they say, "We'd like to do this because it will improve our efficiency." Remember, we are competing with American plants that do very much the same thing that we do. They make spirits. We certainly compete on the packaging side, dramatically. If your plants aren't as modern and as efficient as they can be—and these days that also means being very environmentally efficient—then we lose that bid.

**1100**

The other thing that's happened in the spirits business is that there's more contract production. At Hiram Walker, which is the original home of Canadian Club, they now produce Wiser's and they produce Gibson's. Gibson's used to be produced just down the road at Valleyfield, in Quebec, and we moved those 500,000 cases of production into Ontario, because it was more efficient to put all of that into one plant, and you're going to see more of that. We compete for that business quite aggressively with our colleagues in the United States.

**Ms. Catherine Fife:** And we want you to bring more jobs back to Ontario, right?

**Mr. Jan Westcott:** We're trying.

**Ms. Catherine Fife:** You referenced Brick Brewing. They did come to Kitchener last week. They're, of course, in my riding. They came to ask the government to stop putting this artificial cap on their hectolitre production, because they do receive a subsidy, and once they go over that hectolitre production they lose everything. It actually prevents them from expanding.

There's nothing like that in your sector, right, Jan?

**Mr. Jan Westcott:** Well, there isn't—

**Ms. Catherine Fife:** But you've been coming for 10 years? Have you been coming for 10 years and asking for some relief in this regard?

**Mr. Jan Westcott:** Okay, so, in the last couple of months, the government has announced significant investments in the beer industry and in the wine industry—good for them. Obviously, in both cases, those were sort of renewals that people believe are working.

What we're saying is that if you're going to invest in those industries, because those are coming through into the marketplace and affecting the market—we all do the same thing. We buy Ontario raw materials—in our case, grain, not grapes. We have local production facilities that employ people here. One of the differentiations for us is that we're significant exporters—70% of what we make leaves the province and earns that income—but we're all doing the same thing.

So if it makes sense to invest in the wine business and the beer business—and remember, I ran all of those associations at one time—if we want to have a viable spirits industry, we need to have some balance here. I guess what we're saying is, we're putting our hands up and saying, "Please give us some consideration."

The $15 million that I mentioned equates to the $75 million that the government announced for the wine industry just before Christmas, which is 15 million bucks a year, in addition to the fact that they have their own private wine stores, and, and, and—

**The Chair (Mr. Kevin Daniel Flynn):** Point well made. Thank you very much for coming today, Jan.

**Ms. Catherine Fife:** Thank you, Jan.

**Mr. Jan Westcott:** Thank you very much.

## CITY OF KINGSTON

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is from the city of Kingston. We've got a group coming up. I understand we've got Bryan Paterson, Sandy Berg and some help, so you'll probably all need to introduce yourselves. Thank you for coming. You have 15 minutes, like everybody else. The questions this time will come from the government side. If you would introduce yourselves each time you speak for Hansard, so we know which one of you is speaking, that would be great.

**Mr. Bryan Paterson:** Mr. Chair and members of the committee, good morning. Thank you for the invitation to speak with you this morning. My name is Bryan Paterson. I am a city councillor here in Kingston. With me I have a fellow colleague, Councillor Sandy Berg. We also have our chief administrative officer, Mr. Gerard Hunt, and our manager of intergovernmental relations, Ms. Holly Wilson.

First of all, welcome to Kingston. We hope you enjoy your time here in our fair city. I do bring regrets from Mayor Gerretsen, who wanted to be here; unfortunately, he was tied up with another engagement, so we're happy to be here speaking on his behalf.

Our submission this morning is entitled Creating Strong Cities. We believe that a strong and prosperous Kingston, with a healthy and vibrant economy, is good not only for Kingston but also for the entire region around us, all of eastern Ontario and certainly in the interests of Ontario as a whole.

We have three pillars that we would like to present before you this morning. With that, I will turn it over to my colleague Sandy.

**Ms. Sandy Berg:** Thank you, Bryan. I'm Councillor Sandy Berg. We are Canada's first capital, and also most recently Canada's happiest city: the city of Kingston. We're happy to be here, and I'd like to speak to you about our first pillar of building strong communities: dedicated, predictable infrastructure spending.

We know that Ontario municipalities currently contain 67% of Ontario's infrastructure. We are doing our best here in Kingston, and I know other municipalities are working hard, to maintain that infrastructure so that we can continue to have a solid base and functioning communities across the province. We know that the province is working hard to facilitate the integrity of certain systems.

With respect to transportation, we know that the province is working very hard to invest in and build out the transportation systems around the Golden Horseshoe. I grew up around the Golden Horseshoe, and certainly I lived in Toronto—sorry?

**The Chair (Mr. Kevin Daniel Flynn):** Sandy, if I could interrupt. These are awful microphones. If you get too close to them, they start banging.

**Ms. Sandy Berg:** Oh, fair enough.

**The Chair (Mr. Kevin Daniel Flynn):** Everybody does the same thing, so I just—

**Ms. Sandy Berg:** Way, way back. Okay, all right. They're different from ours in council chambers, where I have to pretty much be right here.

**The Chair (Mr. Kevin Daniel Flynn):** They are. So just sit back a little bit.

**Ms. Sandy Berg:** Is this better? Is this good?

**The Chair (Mr. Kevin Daniel Flynn):** I think so.

**Ms. Sandy Berg:** We recognize that the province is working hard to build certain systems, and transportation is one of those, and the city of Kingston recognizes that building a stronger Golden Horseshoe so that we can move people and resources around is important. We recognize the importance of moving people across the 401 past our community, and this helps facilitate the economies across the province and here in the city of Kingston.

But we want to encourage you to think beyond the borders of the Golden Horseshoe and the GTA. We have infrastructure needs here in the city of Kingston. As I mentioned, we are Canada's first capital. We have infrastructure that originated back in the 1800s. The city of Kingston has been working hard to ensure that we are investing in building up, maintaining and increasing the integrity of our infrastructure.

Since 2000, we've been putting away, dedicating, 1% of our taxes collected to reinvest in the maintenance of our infrastructure. We like to celebrate that; we're very proud that we have taken this step to demonstrate that we are committed to this.

But we also would like to impart to you the need for additional support and help in that maintenance of infrastructure. We certainly take the investment in our asset management very, very seriously, and we don't want to be dependent upon provincial monies and support but want to articulate the importance of having a sustainable, dedicated fund for infrastructure maintenance across the province and here with us in the city of Kingston.

We also want to express our appreciation for the investments in public infrastructure that the province has helped us with. It helps to build our community in a number of different ways, from social aspects in terms of quality of health with the Ravensview water treatment and cultural aspects with respect to the Rogers K-Rock Centre—and, of course, our new Providence Care Hospital, which is starting to get under way. That's what we're looking for, and that's what we'd like to try and convey in our first commitment to building strong communities and cities.

**Mr. Bryan Paterson:** Thanks, Sandy. The second pillar that we want to bring forward is something that you've probably heard from us on before. This is an item that is certainly dear to our hearts, and it's to do with payment in lieu of taxes, which is of course the heads-and-beds payment.

The basic idea of this is that this is a payment that municipalities receive from the province as compensation for the cost of infrastructure and services for the provincial properties that we have in our municipality, like our hospitals, our universities and our colleges. Of course, the issue that we face right now is that this payment has been frozen since 1987. Since 1987, because of inflation, the costs of providing that infrastructure and those services have risen, but the payment that we have received has not. That has forced us, as a municipality, to then increase property taxes on other property owners—commercial, residential and industrial.

Our feeling is that in the interests of fairness and also of transparency in terms of the transactions between different levels of government, we think that an increase in this payment is certainly justified. If that $75 figure which was put in place in 1987 had been indexed even to inflation, it would be up to $141 now. That would be almost double. We understand of course the fiscal constraints that the province is facing right now, but even just an approach that could phase an increase in over a period of years—we would certainly be amenable to that, and then, ultimately, to index that to inflation. We think that would, again, be in the interests of fairness and transparency.

**1110**

Finally, the third pillar that we want to bring forward, we title "enabling economic development." We have been working very hard as a city to grow and to strengthen our local economy. We've been working hard through our economic development corporation, KEDCO, to attract new businesses to our community, to strengthen and to grow the businesses we already have, and certainly to maximize the potential of our tourism sector, just to give you some examples of that.

The Eastern Ontario Development Fund is a good example of a fund that has been very useful for us in the past and continues to be an important source of provincial dollars that can be targeted in such a way that they can leverage additional private sector investment and expansion. We would certainly advocate for the continuation of those dollars.

We understand that the government has integrated a number of other economic development programs into a single fund. We appreciate the idea to improve efficiency and to cut down on bureaucratic red tape, but we would advocate for continued access to those funds. Particularly for small and medium-sized companies, that's certainly a key growth engine for our local economy here in Kingston, so we hope that that access would be preserved for the continued investment into our economy. We're optimistic that with those provincial dollars, further expansion and investment and jobs can be created that will strengthen our economy. Again, we think that would benefit not only Kingston but also the region around us and all of eastern Ontario.

We know that, as politicians like ourselves, you value straightforward and brief presentations, so I think we're going to stop there. Certainly, we're happy to take any questions.

**The Chair (Mr. Kevin Daniel Flynn):** That's wonderful. Thank you very much. There probably are some questions. There's just over five minutes. Steven?

**Mr. Steven Del Duca:** Thank you for being with us here today. Thank you for welcoming us to Kingston. It's great to be here. I'm sure every member of the committee shares that sentiment.

I've had the chance over the last 12 months or so to have more than one conversation with Mayor Gerretsen around some of the issues that are raised here in your presentation, particularly the heads-and-beds issue. Shortly after becoming the parliamentary assistant to the Minister of Finance, I was at ROMA/OGRA last year. Mayor Gerretsen asked for a meeting, and we sat down. It was my first opportunity to hear about this.

One of the things that I note from the presentation—I've shared this with the mayor before as well, although I think the number of municipalities might have changed since I had this conversation with him, in terms of those that have expressed support by passing their own resolutions. I asked the mayor, and I guess the question I have today is, has there been, on behalf of Kingston and also the rest of the municipalities, an effort to reach out to AMO, for example, the organization itself, to have this item put on their agenda? As you know, they have ongoing discussions through the AMO MOU, through the conference itself annually, through a variety of other bilaterals, to bring issues to the table to discuss with the province, which has led to things like the significant uploads the province has introduced and has continued since 2003—$1.6 billion worth of uploads since 2003 to municipalities across the province. This isn't an issue that tends to come up in our discussions with AMO, from my experience. I'm just wondering if there's a reason for that, if there has been an effort to reach out through AMO—if you can perhaps elaborate on that issue for the committee.

**Ms. Holly Wilson:** I think I'll take that one, and I would say yes. Mayor Gerretsen is also a member of the AMO board, so he is actively pushing it through AMO as well. But there are, I would say, a significant number of rural communities that are in AMO where this issue doesn't necessarily resonate with them, so it's not necessarily something that the board has considered adopting as one of their policies to move forward with the province.

**Mr. Steven Del Duca:** Okay. So the only other comment or question I would have, and then perhaps one of my colleagues, or both, may have some other questions if there's time left: The first item in your presentation talks about building strong cities—the dedicated, predictable infrastructure spending. Definitely, there was recognition, both verbally and also in the presentation, about some of the projects that Kingston has been able to achieve or receive over the last nine or 10 years with significant provincial support.

I just wanted to have a tiny bit of a discussion around the notion—in the paragraph on page 2 where you talk about the fact that the government has set out to have a conversation about how to improve transit and public transit infrastructure in the GTHA and you encourage the government to think outside the borders of the GTHA, I understand, I suppose, where that's coming from. But I think it would be helpful to have a very clear recognition that since 2003 the provincial government has taken a very serious approach to making sure that the tens of billions of dollars that had been invested in infrastructure and renewing infrastructure after it had been essentially starved by the previous two governments that served in this province—that communities like Kingston and hundreds of others of the 444 municipalities we have in this province have benefited greatly, well beyond the borders of the GTHA, to the tune of billions of dollars.

So just a tiny, almost discordant note in the presentation around encouraging a government that has consistently thought beyond all borders and had a very pan-provincial view of investing in infrastructure—just to underscore or emphasize the point that what you're asking for is in fact something that has been consistent with our approach for a decade now would be helpful.

**Ms. Sandy Berg:** Thank you. I apologize if I didn't readily convey that we do sincerely appreciate what the government has done in terms of supporting the projects that we've articulated here in our presentation. I guess what we're trying to emphasize is that we'd like to have more of an understanding of a longer-term commitment instead of a project-by-project basis, if you will. There have, in the past, been projects that the city of Kingston has, in terms of infrastructure projects, tried to speak to. Because of resources, of course, they have been addressed on a project-per-project basis. So we're hoping to take a sort of grander overarching perspective, without disrespecting in any way the commitments that have already been demonstrated and that have enhanced our community tremendously.

**The Chair (Mr. Kevin Daniel Flynn):** Soo, we've got about 30 seconds.

**Ms. Soo Wong:** About 30 seconds, okay. On your last page, page 5, the city of Kingston has acknowledged the Eastern Ontario Development Fund—because we have heard that our colleague opposite does not support this fund. I'm very pleased to hear that it does help your city and the small businesses. Can you elaborate a little bit further—so that we need to protect this fund to help you stimulate and access to the community?

**The Chair (Mr. Kevin Daniel Flynn):** You'll have to be very brief.

**Mr. Bryan Paterson:** If I can say this, I think that the key is that even small, targeted investments can leverage further private sector investment. The idea is, you create a multiplier effect. It's not necessary that the government pay for everything, but with those public dollars you can then encourage a lot of additional private investment. That's what's key.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you. We'll have to end it right there. Thank you very much for coming. Good to see you again, Holly.

**Ms. Sandy Berg:** Thank you.

**Mr. Bryan Paterson:** Thank you very much.

**The Chair (Mr. Kevin Daniel Flynn):** Pass our best to the mayor.

## GREATER KINGSTON CHAMBER OF COMMERCE

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is from the Greater Kingston Chamber of Commerce. Matt and Bill, come on forward and make yourselves comfortable. Have a seat and make yourselves comfortable. Like everybody else, you have 15 minutes. If you would introduce yourselves for Hansard so we know which of you is speaking. Any questions this time around will come from the Conservative Party. The floor is yours.

**Mr. Matt Hutcheon:** Great. Thank you, Mr. Chairman. Good morning, everyone. Thank you for the opportunity for us to be part of the presentations this morning and share our thoughts related to the next provincial budget.

My name is Matt Hutcheon. I'm the CEO of the Greater Kingston Chamber of Commerce. With me is Bill Stewart, who is our policy and advocacy specialist on staff at the chamber.

We're very pleased to have this opportunity to present this morning to the committee. We really believe this is a critical time for Ontario's economy. A survey conducted by the Ontario Chamber of Commerce this past fall indicated that less than half of the businesses in Ontario are confident about Ontario's economy or believe it's headed in the right direction. So this next provincial budget comes at a time when business confidence is less than half in terms of optimism about the Ontario economy and the road ahead.

We've distributed to you this morning a copy of the Ontario chamber's preliminary pre-budget submission, which you've likely already seen copies of previously. Our comments this morning will be related to some specific aspects of that submission—things that we think are relevantly local to us here in Kingston or that we as a local chamber have a particular interest in.

First and foremost, the Ontario chamber and we as a local chamber believe it's a key priority for the provincial government to address the fiscal situation. Eliminating the deficit and tackling debt is absolutely critical. The ability to alleviate spending on interest charges and to allow for that spending to be used for much better and more productive uses, whether it's services and social programs or whether it's enhancing economic development within the province—there are much better uses for that money than servicing debt. So we would stress as a priority that addressing the deficit and the debt is absolutely critical.

**1120**

The Ontario chamber's submission includes a number of strategies and suggestions to assist with that, and I'll speak briefly to a couple of those points. First is the idea of wage restraints. Wage restraints get discussed often and encompass a variety of different initiatives and possibilities. The one that I particularly want to mention is the need for reform to the interest arbitration process. Ontario needs to build a system that considers a municipality's ability to pay when determining decisions through interest arbitration and leaves municipalities with the ability to continue to function and invest in the other necessary investments that they might make, whether it's infrastructure- or service-related, whether it's economic development-related, and making sure that that's inherently built into the process of how interest arbitration is conducted.

Secondly, we believe there are great opportunities that exist for savings in the delivery of a number of different government services in different ways. Now is the time to be creative and build a transformative approach to delivering services that leverage the expertise and efficiencies that can be found in the private sector. Alternative service delivery is certainly not a blanket solution that will provide benefits in every instance, but many opportunities exist. The first step that we would encourage government to take is, in partnership with the private sector, conduct an ASD audit to identify priority areas where the public would indeed benefit from an ASD approach in delivering government services going forward.

Another key priority for the chamber movement in Ontario is the creation of winning business conditions in the province. The business environment must allow for our businesses and, in particular, the SMEs, which dominate the Ontario economy, to be competitive and to be involved in the development of the policies and programs that will have a direct impact on those businesses. We would ask that as a minimum, the government keep the current corporate income tax rate where it is and not entertain any increases to the corporate income tax rate.

Our chamber has also been very involved in consultations and presentations related to the setting of the minimum wage and how that process is undertaken in the future. As we advocated in our presentation to the advisory panel last fall, the process for determining minimum wage in the future, in our opinion, must have three traits: The first is that it must be predictable. Employers need to know when the changes will happen to be able to properly plan and budget around those changes, to be able to plan pricing strategies and ways that they're going to deal with potential changes and potential increases to the minimum wage.

It must be a transparent process. Changes need to be based on hard economic data and good rationale for making changes to the minimum wage, and the process needs to be fair. We would recommend that changes to the minimum wage be tied to a specific economic indicator, such as the CPI, and done at a regular interval that hearkens back to that predictability that I talked about for employers.

As the government now also examines pension reform to address the alarming situation of so many Ontarians who are financially unprepared for retirement, we would encourage the government to take the creation of a PRPP mechanism to be the first step and allow more owners and employees of SMEs to utilize this structure as a retirement savings option. A new Ontario pension plan or other initiative which creates mandatory increases to employer contributions will hamper competitiveness and apply additional pressure to our Ontario businesses.

Finally, the issues that remain key and foremost in the minds of Kingston businesses are issues around labour force. We know that that's not a problem that's unique to Kingston; we hear that from our colleagues across the province. High youth unemployment, skills gaps and challenges to accessing global talent all demand new approaches to the development of training programs and other labour force-related programs and initiatives.

We recognize, as a chamber, that businesses themselves need to become a better contributor and a partner in the delivery of training programs and that it is certainly not the expectation that it's the responsibility of government alone to provide these training programs and training opportunities. But that will demand that employers become more involved in the re-creation of the training infrastructure in the province, and making sure that their needs are met through the way the programs are designed and administered to make sure that they're going to achieve the desired results and be as effective as possible.

Similarly, the new federal Expression of Interest program needs to be employer-friendly to be effective for Ontario. We would encourage the province to work with the federal government to ensure it provides fast processes which are administratively efficient and easy to follow, and give employers direct access to the pool of candidates who are available through that program. We recognize that that's a federal program and federal mandate, but we would encourage the province to push for those traits of the new EOI program.

That's the end of my remarks. Bill and I are happy to entertain any questions that you might have at this time and look forward to the discussion. Thanks.

**The Chair (Mr. Kevin Daniel Flynn):** Wonderful. Thank you very much. You've got between six and seven minutes. Who's going to kick it off? Jim?

**Mr. Jim McDonell:** Thanks for coming out today. It's interesting to hear some of your comments.

I attended an association of professional engineers chapter meeting last night, and I had a chance to talk to some of the members who own their own businesses. One in particular talked about the confidence in business in the area and the chance for expansion, saying that they were essentially giving up on Ontario, that they were looking to South America, the US, for opportunities, as far as working with business, helping them in their maintenance and their expansion, and finding that the companies are really holding back, really tightening up, because they're having trouble. Any comment on that? Do you see the same thing?

**Mr. Matt Hutcheon:** Yes. We're hearing it not only across the province, but certainly locally as well. We've heard lots of stories of the amount of cash reserves that businesses across the province, or across the country, are sitting on and holding on to and choosing not to invest in either physical plant expansion or staffing expansions.

What we're hearing is that basically it's really that reflection of uncertainty and a lack of confidence. Everybody's just trying to sort of ride it out and wait and see what the end game of things are going to be and not want to over-invest or choose poorly, so a lot of them are choosing to not choose at the moment, rather than risk a wrong decision.

**Mr. Jim McDonell:** As well, you talked about the arbitration issue, and we proposed a bill that would bring that—we thought—under control. Now, we didn't get support from the other two parties. We see that as critical, because there are certain government services that are really leading, I guess, the wage increases of this province, and they're forcing us to cannibalize our public services. There's no money left.

A local health institution had told me that they'd been told there would be no increases for the next five years in their facility. To be able to handle wage increases, they're looking at cutting services. So there's no official announcement. It looks like it's status quo, but really it's not.

People are losing their jobs. Services are being cut—services that people should expect when they're especially critically ill are delayed. I certainly hear those stories in our office. Can you comment on the arbitration? Is that a key issue?

**Mr. Matt Hutcheon:** Yes. It basically reinforced what my comments were earlier. We're seeing and hearing from other municipalities that some decisions that have been rendered certainly threaten their ability to pay or threaten their ability to utilize funding for other necessary operations of the municipality, whether it's services and programs or whether it's infrastructure-related, whatever it may be.

Fortunately, in Kingston, we've not come upon that yet, so we've not been subject to a decision or an arbitration that has led necessarily to a specifically large or unexpected increase, but we've seen that happen in other places across the province. We've certainly heard lots from our colleagues in Owen Sound about the decision with the firefighters there and the increases that they saw. It's a sense that municipalities' ability to pay is not being factored into the way that the decisions are being determined.

**Mr. Jim McDonell:** Even if you haven't gone to arbitrations, I think the results of the arbitration have scared most municipal councils off. But the net impact of it—your wage increases are reflecting the arbitrated numbers. We see this year the OPP getting an 8.5% increase, which may not affect the city of Kingston directly, but certainly that increase will affect your next increase, because it will be catch-up time.

**1130**

**Mr. Steve Clark:** How much more time?

**The Chair (Mr. Kevin Daniel Flynn):** You've got about two hours.

**Mr. Matt Hutcheon:** Two hours?

**The Chair (Mr. Kevin Daniel Flynn):** Two minutes.

*Laughter.*

**Mr. Matt Hutcheon:** I should've eaten my Wheaties.

**The Chair (Mr. Kevin Daniel Flynn):** You could take two hours.

**Mr. Steve Clark:** Absolutely, I could take two hours.

Thanks for your presentation, Matt and Bill. I appreciate the comment. I appreciate slide 4, talking about tackling the deficit and really dealing with some of the wages and benefit costs. At the very bottom of that slide, it says, "Making Labour Arbitration Work for Ontario Cities" and "Stay tuned for an upcoming OCC submission...." Do you have any idea of when that will be finalized?

**Mr. Matt Hutcheon:** I don't think that the timing has been specifically set, but I know that a number of policy initiatives are due out in this first quarter, so I would suspect that it would be within the next couple of months.

**Mr. Steve Clark:** Okay.

**Mr. Bill Stewart:** Yes, I think the new version of Emerging Stronger comes out from the Ontario chamber province-wide next week, as well, so following on from that will be an updated version of the alternative service delivery and interest arbitration releases they had in the summertime last year.

**Mr. Steve Clark:** Great. The other thing I want to acknowledge: You did mention PRPP. I know that Julia Munro in our caucus has really taken a lot of time and studied and looked at what needs to be changed to be able to enable that, so I want to thank you for that presentation and acknowledging that tackling the deficit and really looking at our public services is going to be key to the success of our province in the long term and certainly for your members. I encourage you to continue to let all the parties know the feelings of your membership in the greater Kingston area. Thank you.

**Mr. Matt Hutcheon:** Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you very much for coming today, Matt and Bill. Thanks for the presentation. It was appreciated.

**Mr. Matt Hutcheon:** Thanks very much for your time.

## EMPIRE LIFE INSURANCE CO.

**The Chair (Mr. Kevin Daniel Flynn):** Our final delegation of this morning comes from the Empire Life Insurance Company. Les Herr, president and CEO, come on forward.

**Mr. Les Herr:** Thank you, Mr. Chairman.

**The Chair (Mr. Kevin Daniel Flynn):** Make yourself comfortable. We'll hand them out for you. Like everybody else, 15 minutes. Use that any way you see fit. Questions will come from the NDP.

**Mr. Les Herr:** Thank you, Mr. Chairman. Good morning, and thank you for the opportunity to present to this committee. My name is Les Herr. I am here today in my capacity as the president and CEO of Empire Life, and, of course, as a private citizen.

Just to give you a bit of background on Empire Life, we are one of the top 10 life insurance companies in Canada. We sell life insurance, group insurance and investment solutions and have been in business for over 90 years. We are also Kingston's third-largest private employer, with more than 600 employees here in our home office and another 250 employees across the country.

I would like to speak to you today about a number of issues and provide some thoughts and recommendations on how we can create a sustainable, financially strong and equitable Ontario. I appreciate and acknowledge that it is not easy to manage the finances of this province and that there are many competing and important interests.

We are seeing an improving US economy and many indicators of a stronger recovery in the US, and a softening Canadian dollar. Both these factors will help our economic growth, provide lift to our exports and support our manufacturing and tourism sectors, among others.

This leads me to believe that we will see an improving economy, which will help us reach our balanced budget targets and will be a major contributing factor to the government's plan to achieve a balanced budget. I would recommend being patient and allowing improved economic factors to support achieving a balanced budget, not focusing on tax increases which, in my opinion, would in fact slow down our economic growth.

In preparing our presentation today, I have spent time going over the 2013 Ontario budget, which is not an easy task, and the economic updates and other materials. I am pleased to see that our government is working towards tackling the deficit, increasing public sector productivity and government transparency through the Open Government Initiative just announced by the Premier. I urge you to continue to support these initiatives and, in fact, be much more aggressive in pursuing these targets.

Tackling our deficit comes down to spending within our means and with what we can afford. Our public sector salaries, pensions and benefits are much more costly than in the private sector. While on a per-capita basis we have made headway on reducing the cost of the public service, I believe it is time to conduct a fundamental review of our government to improve service delivery, reduce waste and duplication, and make further inroads to having an efficient and affordable public service.

It was less than two years ago that the Drummond report was released, and I know the government has indicated that it has moved on 60% of those recommendations. I must admit that it is difficult to find information on those implementations and the savings achieved by them. It is also difficult to find information on what else could still be on the table. Are there other things that we can do? Where did the report fall short? Can we take a broader review of the key government services to find ways to deliver them more efficiently? Have some of our programs and services run their course? I am asking these questions because I believe we should be spending more time and effort in these areas.

We have 72 school boards in Ontario. Have we looked critically at whether we need 72 boards, or could we consolidate regionally, lowering the costs of administration and focusing more of our dollars in the classroom? Newfoundland and Labrador recently consolidated all their school boards into one board for the entire province. Maybe we do need 72 boards, but an objective review could help determine the answer.

Another example is the LHINs that have been in place in Ontario since 2006. I believe it is time to look at the cost of the LHINs compared to what they have delivered. The people of Ontario should feel confident that their tax dollars are spent in the best possible way, delivering the benefits promised, and a review like this could help.

Personally, as a taxpayer, I have no problem paying taxes. However, I do have a problem, as many others do, with paying taxes when I do not have a clear understanding of how my current tax dollars are being spent. I applaud the current Open Government Initiative, but I believe we need further work on making government finances much more transparent.

As I said, I have spent time reviewing the 2013 budget that is available online, and I have not been able to answer many of the simple questions I have, and others have, about the state of our finances. I can see that we are spending X amount of dollars on education or on health or on social services or on other services; however, I cannot see a breakdown of those expenses. An example is education. I know we spend over $24 billion on education, but I cannot see how much of that is on teachers versus on administration. I can see that we've earned $4 billion in revenue from government-owned businesses, but I cannot find information on the costs to run those businesses.

Perhaps the information is there and I can't see it, but it is not presented clearly, openly, and in an easily accessible way. For many Ontarians, I think it would be very, very difficult. That is why I ask that you continue to support and fund the Open Government Initiative and, in fact, go very far with that. It will do a lot to restore confidence, I believe.

As a large employer in Kingston, Empire Life is invested in the economic health of our community. We need Kingston to be a vibrant and dynamic place to live, and for that to happen, we need to make sure that there are good jobs for people and solid economic growth. I believe there are two ways our province can help to make this happen. One is increased access to start-up capital and venture funding for new companies. I have talked to a number of local business owners who tell me repeatedly that it is very difficult to access funding to get their new companies off the ground.

I understand the government is relaxing its rules on crowdsourcing as a method of raising start-up funds, and that is good. However, finding ways to encourage greater private investment in these companies could have a significant impact on the success of start-ups and young companies. What often happens is the funding comes from the US, and we lose them or they fail.

How can we do that? By creating aggressive tax incentives to make private investing more attractive, we can help companies grow and, in time, create more tax revenue and new jobs.

You might ask, why am I asking you to focus on start-up companies and not more on mature companies like

Empire Life? Well, start-up companies have higher growth potential and have a need to hire more people to get off the ground. Mature companies like Empire Life are more focused on increasing productivity, which may not always lead to new job growth. New companies and start-ups have great potential for job creation in Ontario. I encourage you to be aggressive in this respect.

In Kingston, we are also fortunate to have amazing research and innovation coming out of our academic institutions. Another way we can help grow jobs and economic development is to increase opportunities for the commercialization of these innovations.

We have seen success in Ontario through initiatives like MaRS and the University of Toronto's Banting and Best Centre for Innovation and Entrepreneurship, among others. I know we have programs in place that support what I am saying, but I ask you, in your budget considerations, to be much more aggressive in this area and make deeper investments in our innovations and future. Again, if we do not, often what we find is that the US will, and once again the jobs go south and, all too often, do.

My final point this morning is industry-related and focuses on the need for more Canadians to prepare for retirement. Right now, only 50% of private sector employees and workers have access to any form of workplace retirement plan. Pooled registered pension plans, or PRPPs, can help increase access to a workplace plan and reinforce a savings mindset and behaviour.

**1140**

I believe that a made-in-Ontario pension plan solution as an extension to the Canada Pension Plan is a costly alternative and, given that we are in a deficit, would only make it more difficult to achieve a balanced budget. I think it would be prudent to take this next step and introduce a PRPP. A federal PRPP template exists today, and a number of provinces have already introduced the legislation.

In fact, Quebec has taken further steps to make sure that PRPPs are mandatory for all companies with five or more employees. The Canadian Life and Health Insurance Association estimates that if Ontario follows Quebec's lead, about 93% of Ontario workers would have access to a workplace retirement plan. That will go a long way to helping close the pension gap. In the interest of full disclosure, I want you to know that Empire Life does not currently offer and has no plans to offer a PRPP—speaking on behalf of the industry.

I ask that, in your consideration, PRPPs be made a priority. Consider adopting the Quebec model and work to put the infrastructure in place quickly to help Ontarians prepare for retirement.

In summary, I recommend that:

—we allow the improving economy, and not tax increases, to balance our budget;

—the Ontario government do a fundamental review of the services we deliver, how we deliver them and the cost of delivering them, to assist in balancing the budget;

—the Ontario government be much more transparent and accountable with taxpayer money and make it easier for taxpayers to see how their dollars are being spent;

—the Ontario government look to more aggressively support start-ups, younger companies and the commercialization of our innovation through both public funds but also through the encouragement of private investment;

—the Ontario government not introduce an Ontario pension plan but support the introduction of pooled registered pension plans.

I thank you for your time and welcome your questions.

**The Chair (Mr. Kevin Daniel Flynn):** Great. Thank you, Les. You've left between four and five minutes for questions. Catherine or Michael?

**Ms. Catherine Fife:** Thank you very much, Les, for your presentation. You've covered a good variety of topics. I do want to thank you for raising the issue of a lack of transparency around the budget. Even as a new MPP, I've struggled to try to get to the numbers, and I think a good case can be made for—it's your money, right? It's not the government's money; it's all of our money. So it needs to be more open.

We fought for a Financial Accountability Officer in the last budget session. To date, though, that office has not been set up, and we're going to continue to push that, because you need to know where the money is going, and the funds.

On the issue of LHINs, I think also that you make a good case. The call for the review—it's five years past due. The social policy committee is going around the province, and perhaps there may be a travelling show here in the Kingston area. But that is an important process to happen.

So I just wanted to thank you for your feedback.

**Mr. Les Herr:** Thank you, Catherine.

**Ms. Catherine Fife:** Michael?

**Mr. Michael Prue:** Yes, I just have one question. I know that many people in the business sector think that our public salaries are out of whack. I don't necessarily agree with that position, but Ontario has probably the lowest per capita level of public employees of any province in Canada, and we're probably by far and away the most efficient with them. I just keep wondering why people keep saying we have to improve the public service when it's already the best one in Canada.

**Mr. Les Herr:** I've got experience with that in Kingston because we are a private employer and we compete. As you know, in Kingston, there are a lot of government agencies, and we do compete with them. When I say that, I don't for a minute suggest that we shouldn't pay our public servants well. Teachers, doctors and all public servants should be paid well.

I think where the real disconnect is is in the benefit costs and the long-tail liabilities of those benefit costs. Pension plans and extended retirement programs after an early retirement—I think that's where your biggest productivity gain should be. Most of the private sector does not have anywhere near the kind of pension plans and post-retirement benefits that you have in the public sector. Is that right? Should we improve in the private sector? Well, we can't afford it.

I get that it's a tough thing to say, but I think you need to look at the cost of your payroll, because that's where most of our costs are, private or public, and I think you'll find that they're not in line with the private sector. Maybe there needs to be a coming together. I don't think it should all be carved out of the public, but there needs to be a really thoughtful discussion about how we bring them together. We can pay more if we don't have as much—I've got a list of taxes that Empire Life pays, and it's a very long list. And maybe they're all for good reasons, but if I'm going to pay more—in other words, get closer to public sector pay—where am I going to get it from? Then I have my shareholders saying, "I need to get a return." My shareholder wants a 12% return after tax. That's not unreasonable; it's not asking for 18%.

I agree with you, but I think there's some room to be done, and I think it's more in the waste than it is in the pay. Are we as effective—I do it every day at our firm. My colleagues behind me and I are always looking at, can we be more effective and more efficient in how we deliver our products and services, so we can pay more and do more?

That's all.

**Mr. Michael Prue:** Thank you very much for the answer. That would be my question.

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

Les, thank you very much for your presentation. It was appreciated.

**Mr. Les Herr:** Thank you for allowing me to speak to you today. Take care.

*Interjection.*

**The Chair (Mr. Kevin Daniel Flynn):** Wonderful. Okay, that was our last delegation for the day. Anybody who hasn't checked out obviously should. Lunch is in the Fort Henry Room, which is on the floor above.

**The Clerk of the Committee (Mr. Katch Koch):** Right beside the reception area.

**The Chair (Mr. Kevin Daniel Flynn):** Right beside the reception area.

We're going to recess until 12:45, not 1 o'clock—12:45.

*The committee recessed from 1145 to 1246.*

## COUNCIL OF ACADEMIC HOSPITALS OF ONTARIO

**The Chair (Mr. Kevin Daniel Flynn):** If I can ask everyone to take their seats, please, we can get the delegations ready. We'll call to order again.

Karen, if you'd like to take a seat with your colleagues. You're our first delegation. Our first delegation this afternoon is from the Council of Academic Hospitals of Ontario. Karen Michell and Roger Deeley, thank you very much for joining us here today. Like every other delegation, you get 15 minutes. Use that any way you see fit. If there is any time for questions, the questions will come from the government side.

**Ms. Karen Michell:** Great.

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

**Ms. Karen Michell:** Thank you very much. As you mentioned, I'm Karen Michell. I'm the executive director of the Council of Academic Hospitals of Ontario. My colleague Dr. Roger Deeley is the vice-president of research here at Kingston General Hospital.

We'd like to use our time today to talk to you about the value proposition for provincial investment in health research and innovation and really the significant return on investments that that will generate for a healthier, wealthier and smarter Ontario.

First of all, just to introduce you to the CAHO members, we represent 24 research hospitals right across the province. They are distinguished by the fact that they care for the sickest patients in the province, providing the most specialized care; that they provide innovation and education in health care; and that they conduct leading-edge health research.

In addition to that, our members are also distinguished by a fourth element, and that is our accountability to share the knowledge and expertise that we have from this discovery platform right across the health care system, to the benefit of the health care system and also for the patients we serve. We do this through collaboration with other partners in the health care system.

But we know that innovation doesn't just happen; it requires collaboration and partnerships between scientists like Dr. Deeley and clinicians, with industry, and with our own patients. It also requires investment in the infrastructure and the means to support and facilitate innovation. But we know that if we're going to promote investment we also need to show how it's going to drive real and measurable results.

Investment in health research benefits each and every one of us in three ways. First, it makes us healthier by finding cures, improving the quality of care and the productivity of health care. Secondly, it makes us wealthier by introducing breakthroughs that save money and help patients. Sometimes companies are also created from these discoveries. Research also makes us wealthier by creating new jobs for Ontarians. Finally, health research makes us smarter as we discover new knowledge, thereby positioning Ontario as a magnet to attract and retain the brightest scientific and clinical minds from here and around the world.

A healthier Ontario means putting tomorrow's cures in place today. Consider these two examples.

Researchers led by Dr. John Bell at the Ottawa Hospital Research Institute saw promising results when they used viruses to treat cancer without harming normal tissues in humans. Dr. Bell believes that someday viruses and other biological therapies will be a possible cure for cancer.

Researchers at Sunnybrook have developed a quick and non-invasive procedure to pinpoint and destroy tumours. Instead of a scalpel, surgeons will use high-intensity focused ultrasound to obliterate tumours—surgery without cutting the skin. We've estimated that if this procedure were used to treat one type of tumour alone, it would save the Ontario health care system $35 million each and every year.

To realize value from research and innovation, though, we need to use what we discover, and that's why CAHO has created the Adopting Research to Improve Care, or ARTIC, program. What it does is accelerate the implementation of research evidence into multiple health care providers across Ontario. Ontario has invested in ARTIC to address key system challenges, such as combatting hospital infections, better care for the elderly and enabling the transition of long-term mental health clients into the community.

Investment in health research also drives a knowledge-based economy, and the return on that investment is significant. In fact, 18 of Canada's top 40 research hospitals are located right here in Ontario, and they invested $1.2 billion in health research in 2012.

Our hospitals are home to 16,000 researchers and research staff, and we estimate that that $1.2-billion investment in health research generates $3.2 billion in economic output across Ontario and stimulates approximately 36,000 direct and indirect jobs.

Ontario's health research enterprise is also a magnet for attracting talent. Kingston-area research hospitals have attracted 10 clinical scientists from outside Ontario in the past two years. This is one of the many examples of global research talent coming to work in Ontario, drawn by the opportunity to pursue health innovation in the collaborative network of Ontario's research hospitals.

Partnerships have been absolutely crucial to the health research enterprise in Ontario and the transformation that it's enabling in health care, both in our economy and in the care that we provide to our patients. In fact, the announcement earlier this week that Ontario is renewing investment in the Ontario Research Fund is particularly noteworthy of recognition and praise.

The Ontario Research Fund invests in the best science in the province and acts as a magnet to attract matching dollars from donors, industry and other levels of government. We believe that Ontario has made a smart decision, in challenging times, to invest in a knowledge-based economy and in our future. CAHO would encourage all parties in the Legislature to support this ongoing commitment to research.

The key question, though, is how do we strengthen, sustain and leverage Ontario's health research enterprise over the longer term, to build and maintain global health innovation leadership?

We believe that Ontario requires an end-to-end health innovation strategy. The pieces and partners need to be brought together to leverage the full potential of the health research and innovation system in Ontario, from discovery research to adoption and implementation to widespread practice changes and to health care markets globally.

We believe that there are three key elements for a health leadership and innovation platform in Ontario. First, we think we need an overall strategy to align the research strengths that we have with the needs and the problems that we want to solve in the health care system. Secondly, we think we need an investment framework that will sustain Ontario's health research enterprise over the long term and that will provide the research engine with certainty and predictability. Finally, we believe that we need to create a pathway to rapidly move research evidence and discoveries into practice across the health care system and into new markets.

On this last point, CAHO is seeking to renew investment in our ARTIC program, Adopting Research to Improve Care. New investment will allow us to increase the spread and scale of adoption of research evidence that is having an impact on driving quality improvements in the system and making the system more sustainable.

Finally, we're asking the committee to consider including in its budget recommendations a commitment to an Ontario health research and innovation strategy and a timeline for addressing these three elements.

Thank you for the opportunity to comment today, and we look forward to your questions.

**The Chair (Mr. Kevin Daniel Flynn):** That's great, Karen. Thank you for that presentation. I saw a presentation by Dr. Bell and it was absolutely fascinating, the stuff on the viruses.

We've got about six minutes left, and the questioning comes from the government. Who would like to go first? Soo?

**Ms. Soo Wong:** Thank you very much for your presentation. As you know, the government has been at the forefront about supporting MaRS and much of the innovative research across the province. Can you elaborate a little bit further as it relates to the partnership between health research and innovation and economic investments in various communities? There has been lots of funding right now dealing with the eastern Ontario economic fund, so I want to see, how is your group working in collaboration with the economic funds across Ontario?

**Ms. Karen Michell:** Thank you; I'd be happy to. First of all, I should mention that there's a lively and vibrant innovation park here in Kingston as well.

Essentially how it works is, research tends to be funded by funds like the Ontario Research Fund, but also we have incredible investment, in fact, from industry partners. When we look at the $1.2 billion of research revenue we've been able to garner and invest over the past year, 16% of that comes from private industry. That is a very high proportion. When we look at the OECD stats on business investment into higher-education R&D, a 16% figure is 2.5 times the OECD average. Part of the partnership is the ability to attract industry here to Ontario to invest in our scientists and invest in the research we're doing. Then, oftentimes, we will create companies spun off out of the research and discoveries. Sunnybrook has an example where they found a better way to diagnose and detect breast cancer. They created a company called Sentinelle. It was sold for close to $100 million, and has about 200 staff now. That's when you get the investment back into the local economy.

Dr. Deeley, did you want to add to that in terms of other examples that you're familiar with?

**Dr. Roger Deeley:** Sure. The hospitals in Kingston really function as an academic health science centre with Queen's University, and we share one of the most successful commercialization offices in the country, an entity called Parteq. We have examples of research in biochem/pharma coming out of the hospitals, a potential treatment for Alzheimer's for example, that was parlayed into a publicly traded company which, at the peak of its market value was about $1.2 billion.

At the other end of the spectrum, we have a facility at KGH which is pretty well one of a kind in Canada. It's called an environmental exposure unit. Basically, what it is: We can put 300 people in there and expose them to various airborne pollutants or allergens; that's typically what we're looking at. That, on average, is generating anywhere from $5 million to $8 million a year in industry revenue from an international sector. We're actually doing clinical trials for pharmaceutical companies in China and India.

**Ms. Soo Wong:** Do I have more time, Mr. Chair?

**The Chair (Mr. Kevin Daniel Flynn):** You don't have a lot of time. Well, actually, you do. You've got two and a half minutes.

**Ms. Soo Wong:** Okay. So what I'm hearing is that your organization is asking SCFEA, this committee, to continue to invest and reinvest the arc, but also, based on your evidence-based information, that this is the right thing to do, that we continue that trend that we already started, continue to reinvest the health evidence that you have seen.

In terms of the long term, because you asked in one of these statements about long-term steps, what do you envision in the next five to 10 years in your sector?

**Ms. Karen Michell:** One of the things we'd like to see from our sector, and we're taking leadership in this area, is a more specific and coherent way of identifying what are the big system needs, so what are the big problems that the health care system is facing, and align that with the research strengths that we have to try and help answer those questions and then bring that together with a sustainable and predictable source of funding in order to make sure that that research engine for the health care system continues to hum along and can really help solve those problems. Once you have the discovery, you also need to make sure that there is a way of ensuring that what you have discovered is actually used by doctors, by nurses and by physical and occupational therapists right across the province in hospital, in community etc. One thing that we do not have in a really systematic way right now is a pathway to ensure that, once a discovery is made, it's actually used.

**1300**

Over the next five to 10 years, we'd love to see a strategy connecting the needs of the system with investment to support the discovery to answer those things, and a way to make sure that the discoveries are then actually used to benefit our patients. We're trying to do some of that within our own community, but we'd like to work with the province as a whole to ensure that we can do that right across the health care system.

**Ms. Mitzie Hunter:** I just want to follow up with that. The structure that you have here is actually quite powerful in terms of linking the knowledge centres across Ontario where there's an intensity of research. Do you see a parallel of linking the research such as MaRS, what's happening here, in Kingston, Ottawa, and Kitchener-Waterloo? There's a lot of capacity. Do you see your organization playing a role in connecting those innovators in solving some of our society's most complex challenges?

**Ms. Karen Michell:** Yes, and I think some of that happens through the networks within the research hospitals and with the universities as well. But very specifically, what we're calling for is a body that would do that in a sustainable, permanent fashion for Ontario so that we can take the research strengths that we have and get the most out of them for our patients over time.

**Ms. Mitzie Hunter:** Can I ask that maybe you submit that to this committee?

**Ms. Karen Michell:** Our pleasure.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, and thank you very much for coming today. It certainly was appreciated. A great presentation.

**Ms. Karen Michell:** Thank you very much for your time.

## KINGSTON HEALTH COALITION

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this afternoon is from the Kingston Health Coalition. I understand we've got Peter and Sandra with us, or just Peter.

**Ms. Sandra Willard:** Just Peter.

**The Chair (Mr. Kevin Daniel Flynn):** It's up to you guys. Make yourself comfortable, Peter.

**Mr. Peter Stroud:** Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Like everybody else, 15 minutes. Use that any way you see fit. If there's any time left over, the questions will come from the Conservative Party this time. The floor's all yours.

**Mr. Peter Stroud:** Thank you. Well, first of all, I'd like to thank Sandra for getting me here. My car key was stolen yesterday and I had no way of getting here other than public transit, and I might have been late. So thank you, Sandra.

Also, I'd like to thank my colleagues from the Kingston and area health coalition who are here supporting me today.

First of all, I'll just introduce myself. My name is Peter Stroud. I'm a registered nurse. I've been a nurse for 13 years here in Kingston: ICU, intensive care unit, for the last eight years, Providence Care for four years before that, and emergency as well.

I've also got three children who were born at Kingston General, where I currently work. On top of that, my youngest, who is a year old now, might not be with us today if not for the care she got at Kingston General. She got sick at the age of five weeks. She spent seven days in the pediatric intensive care unit and barely made it through, and so I know what it's like to be on the other side, to be a family member in that situation. It was very difficult, but in the end everything worked out well.

After witnessing that—

**The Chair (Mr. Kevin Daniel Flynn):** Peter, before you start, these mikes are really different. You've got to sit back.

**Mr. Peter Stroud:** Am I too close?

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

**Mr. Peter Stroud:** Okay, sorry.

After witnessing that, and also so much suffering on the job in intensive care in the last eight years and in palliative care before that, I guess I've become more enlightened to the more important things in life. I grew up, stopped playing in a band, and started worrying about the big picture.

I got involved, and what I got involved with was this health coalition. The health coalition, in case you don't know, is actually an Ontario-wide thing, but I'm part of the Kingston chapter. It's basically protecting local health care interests—various parties. It's a coalition, like I said, of union members, but also concerned citizens, elderly, and activists of different types, some of whom you see here today. I've been involved for the last couple of years.

Two years ago, we were doing local town hall discussions: setting up some town halls, inviting people, having the public ask questions of some expert panellists, and discussing issues such as the Drummond report. I was the moderator at one of those events.

After that, there was a plebiscite that was organized here locally. It was called Keep Our Hospitals Public. A lot of organization went into that, hundreds of volunteers. There were polling stations set up all across Kingston and there was a very good voter turnout. This wasn't an official election, so obviously no one was compelled to vote, but almost 10,000 people showed up. It was a very rainy day that day; the turnout exceeded all expectations. Out of that almost 10,000 people, 96% voted in favour of a public hospital funding system, as opposed to a P3, which is a public-private partnership, in case you don't know.

More recently, just last week, the Ontario Health Coalition made a submission to this process here with six recommendations. The Kingston and area health coalition supports all of these recommendations, but I'd like to talk a little bit about recommendation number 6. That's the one that has to do with publicly funded versus P3 hospitals.

Kingston is getting a new hospital: Providence Care. The site has been chosen; the project has been announced. It has been announced that it's going to be a P3, and so the plebiscite campaign centred around this debate. It became a very public debate. It was in all the media outlets and newspapers and such, the plebiscite as well.

During this whole process, there was a figure quoted as a cost. It was $350 million. It was mentioned many times. Both sides were using the number. It came originally from the hospital administration. More recently, just in a press release in December 2013, the number $901 million came out. This obviously added fuel to the speculation of what the true cost was going to be. Obviously, it's still unknown at this point, but we need the process to be transparent, and we need the cost estimate to be forthright and not changing over time; $901 million is a lot more than $350 million, and this is a very serious discrepancy.

We may not know the final cost of the hospital, but it will be a number. It will come out in time once it's paid, and that will be it. It may be hard to predict, but we also know that we can save $143 million on that number if we trust the Auditor General's number from 2008. The Auditor General in 2008 put out a report that showed that a recent hospital had been built with a P3 model and it could have been 16% cheaper with a publicly funded model. So if you apply that 16% in the $900 million, you get $143 million.

To put that into perspective, let's look at nursing positions. Nurses like myself, senior registered nurses—64 full-time senior nurses per year for 30 years, or in the case of RPNs, it would be over 100 RPNs per year, RPN positions, for 30 years. For home care visits, it would be 26,000, or 873 home care visits per year for 30 years, the length of the contract.

Then there's the argument that the private interest needs to be compensated for the risk that they assume. To that question, we say, "What risk?" The private contractor will be set up as a local holding company with international owners. If costs get out of control, they can just walk away, let the local holding company go bankrupt and have no loss, so there's no risk. Also, the real risk is borne by the public, of course, because they still will need a hospital built.

Also, if you want proof of the fact that it's a low-risk proposition, look at the financing rates that the private interest will be getting on this deal. They get very preferential financing rates because they know that it's a government-backed program, so that's another proof of the low level of risk. If you eliminate profit from the equation, you save 16%. You raise the money publicly and you have no problem.

The local MPP and government minister mentioned that if we didn't go with the P3 model, unfortunately, we wouldn't get a hospital. Of course, it scared everyone. That statement is only true if we accept the assumption that the money cannot be raised publicly. We have known that we've needed a new hospital for Providence Care for many, many years. We could have easily planned to raise the funds publicly. That really doesn't hold water for us. We respectfully make the submission to take the P3 off the table and start raising the money publicly.

This debate is not going away. In fact, it's growing. The number of people getting involved is growing. People are talking about it more at work and around in the media as well.

I'm just going to finish with a personal perspective. As you know, I'm a nurse. I work every day in the intensive care unit. Let me just paint you a picture: I'm at work, and I pick up a patient who's near the end. She's dying. She's widowed. She has no children, no family at the bedside. We've done everything that we can to save her, but she's still dying. Her breathing is laboured. She's in pain, but she's awake, and she's scared. So I'm holding her hand and I'm talking to her.

**1310**

At this point in time, the only thing that she has in the world is the sound of my voice and my hand. But we're short-staffed and, all of a sudden, the heart monitor across the aisle goes off: beep, beep, beep. There's another patient across the aisle in cardiac arrest. That is life-threatening within seconds, so of course, I have to leave my patient and go and start CPR. I let go of her hand, I go, I do CPR. Regardless of that—an outcome that, say, takes me 10 minutes—I come back, and she has expired. She has passed away; she's gone. She died alone, with no one. Why? Because we were short-staffed, because we gave millions away in profit to an international company and there was none left to pay another nurse that day.

I have to live with that reality on that shift and the next shift and the shift after that for the rest of my 30-year career. I'd like you to really imagine that situation, so you can live with it too, because one day you may be the one in a hospital, and the only person you're going to have with you is your nurse. So please don't ignore us. Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Peter. Thank you for coming today. You've left about almost five minutes for questions. Who's going to start? Jim?

**Mr. Jim McDonell:** I see you're in an argument over P3 versus public hospitals, but really it comes down to health care. Today, I'm up here, but I would have liked to attend a funeral of a lady, a neighbour of ours at home, who had been in the hospital for about 60 days, entering with relatively good health and going through a turmoil. I listened to the story the other night. People did not want to complain about the nurses or the—but just the whole system, where somebody who is that sick, every time a new test came up, having to wait and go through the system and wait a week for a certain test because you're not considered a high-enough priority. Getting through that, being bumped from surgery, the next step, getting into the Christmas holidays, 10 days lost, and in the end, passed away last week—so it's 60 days of, really, hell in the hospital.

I can't help but think that if we shouldn't be directing funding to—when a doctor realizes a test is required, somebody that ill who never gets out of intensive care for 60 days, why they're waiting a week for MRIs or being bumped from surgeries, it just doesn't make sense. I guess it goes back to the point, it's easy to say it's public money and there's no end to it, but there is an end to it. What we're seeing from this government is death by 1,000 cuts. Yes, the tests were there, but you're always waiting, and that was the problem, I think, in talking to her husband. You're always waiting for everything. When things are desperate, it's a long time to wait—a week. Any ideas or solutions to that, other than I guess just an unlimited pot of money that's just not there? I guess we're seeing that this government is finally realizing it's just not there.

**Mr. Peter Stroud:** So the question is: Where can we get the money? By saving 16% by taking P3 out of the equation and putting it under the Public Hospitals Act and not allowing profit to go out the window and into the Cayman Islands.

**Mr. Jim McDonell:** This was not a P3 hospital. This was a hospital built with public funds.

**Mr. Peter Stroud:** If it was in my hospital, if the patient was at death's door, they would get the tests that day. That's the way it works; it goes by priority.

**Mr. Jim McDonell:** I guess, with the many people that come in and see me, I'd have to disagree with that. But anyway, any questions, Toby?

I think we see an issue here, and I guess something that really bothers me is that the people that come in to see me—waiting four or five months for an MRI, for example, who know that they can go to Hull to get a private one done for a third of the cost or a quarter of the cost and have it done next week. I think that indicates a problem with our health system, not that you want to go to a private system, but you've got to do something to utilize your money the best you can. Sometimes, if you can get an MRI done tomorrow night by going to a private clinic, to me that just seems that we should at least be looking at alternatives and lessons learned.

It's hard, when you're sitting there—my daughter's friend hurt her knee in the first game of the soccer season. I saw her just before she was going back to university. She was still waiting for an MRI. She was on crutches and going to start to university. Now, what does she do at university, where you're expected to walk around?

Those are the inefficiencies in our health system, and I think those are inefficiencies that are easily fixed—and I'm not talking about paying through any other way but your health card.

That's the other thing that bothers me: People who are going to the private clinics are paying out of their own pocket. In essence, they're saving the government $2,500 for that MRI and paying the $700 to the clinic.

It's just that there needs to be another way of looking at it. We're not looking at cutting money, but you need to get the biggest bang for your buck. There are too many examples of people not getting the health care they need when they need it. You see a case of that just today at home.

**Mr. Peter Stroud:** You still can't have a discussion about efficiency and saving money without discussing the profit motive that doesn't need to be in the system.

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

**Ms. Sandra Willard:** May I make a comment?

**The Chair (Mr. Kevin Daniel Flynn):** Unfortunately, you can't. Your time just expired. I wish you'd come forward a little sooner. But thank you very much for coming today, Peter. Thank you for your presentation. We did appreciate it.

**Mr. Peter Stroud:** Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you for driving him, Sandra, even though you weren't able to speak.

## ONTARIO FRUIT AND VEGETABLE GROWERS' ASSOCIATION

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this afternoon is from the Ontario Fruit and Vegetables Growers' Association: Art Smith. If you'd like to come forward, Art. Like everybody else, you have 15 minutes. Use that any way you see fit. Any questions will be from the NDP.

**Mr. Art Smith:** Thank you very much, Mr. Chairman, and ladies and gentlemen. My name is Art Smith, and I'm the CEO of the Ontario Fruit and Vegetable Growers' Association. We are one of Canada's oldest farm organizations, and we have been the voice of Ontario's 7,500 fruit, vegetable and greenhouse producers for over 155 years.

Today I'd like to talk to you about several issues that directly impact our industry and the thousands of people who work in this industry. These issues include the lack of a modern utility infrastructure, which is preventing investment in our sector, and the province's plan to raise the minimum wage, which has the potential to further impair our sector, killing jobs and putting farmers out of business.

We are the most diversified component of the agricultural sector. Our farmers grow more than 125 different fruit and vegetable crops, with a total estimated farm-gate value of $1.5 billion.

In the last three years, the Ontario greenhouse vegetable sector, one of the few economic bright spots in Ontario horticulture, has invested over $500 million and increased their acreage under glass from 1,900 acres to 2,400 acres—about $1 million an acre.

Driven by cheap natural gas, healthier eating habits, US market growth and the eating-local movement, the greenhouse industry is looking to continue that expansion and invest another $500 million right here in Ontario. However, the investment is now at risk for a number of reasons.

Ontario greenhouse operators lack access to critical natural gas and electricity infrastructure to make their operations competitive with growers in the state of Michigan.

Pressures from Mexico, with its cheaper costs and labour, are forcing Ontario farmers to look for lower-cost alternatives, including locating in Michigan.

Ontario growers can no longer pass on increased costs associated with their operations to customers—because of the global economy, we are now all price-takers.

This lack of infrastructure means Ontario greenhouse operators do not have the required access to combined heat and power to make their operations more competitive. Natural gas and electricity infrastructure must expand, especially in areas like Leamington, in order for Ontario's greenhouse farmers to remain competitive.

Under the current arrangements, utility companies are demanding up front, very significant financial contributions from the greenhouse sector, to expand this infrastructure. This is simply not feasible. The sad irony here is that Michigan is using cheap, Ontario-based power that our farmers simply cannot access.

The OFVGA, along with its members, would like to work with the government to find a solution to speed up the expansion of natural gas and electricity infrastructure, so that Ontario can take advantage of this pending half-billion dollar investment by greenhouse farmers and build a more competitive and sustainable industry.

**1320**

The Ontario fruit and vegetable sector is the most labour-intensive sector of all of agriculture. Our farmers provide more on-farm jobs than any other agricultural sector. For parts of agriculture, this issue of minimum wage is not a concern. However, for the horticulture sector, and especially the edible horticulture sector, the minimum-wage issue is of critical importance.

If you take the grain and oilseed sector, for example, wages amount to only a few per cent of the total expenses, and those hired would tend to be more-highly-paid equipment operators. In the tender-fruit sector, however, labour costs amount to over 60% of their annual variable expenses, and most of the workforce is currently at the minimum-wage level.

In total, our sector supports over 30,000 on-farm jobs in rural Ontario as well as a further 8,700 jobs in food processing sectors specific to horticulture and specialty crops. Minimum wage, and specifically minimum-wage increases, are of great concern to our farming sector.

Any increase in the minimum-wage rate would affect many types of employers across the province. I would like to break these employers into two general categories. The first are those employers who can pass on new and additional costs to the consumer, and then there are those employers who simply cannot do that. These are the price-takers, and they must absorb cost increases, as they have no mechanism to pass on any additional expenses.

Our farmers fall into the latter category for a number of factors specific to our sector. First, we compete in the global market. Canada is a major importer and exporter of agricultural products, and international competitors do not have to meet the same environmental, production and social standards as our farmers do here at home.

As mentioned earlier, we are price-takers, not price-setters. As such, the lowest-cost product available on the world market dictates prices for fruits and vegetables here in Ontario. When Ontario farmers attempt to recover their costs through a price increase, our homegrown product is no longer competitive, and retailers turn to lower-priced imports.

Second, one size does not fit all. Ontario is a diverse province, and the cost of living in Ontario is not the same in all regions. Most minimum-wage jobs in the province are in the service sector, and the bulk of these employers have the ability to pass wage hikes on to the consumer by ultimately increasing the sale price of their product or service. The global market means Ontario fruit and vegetable farmers have no mechanism to pass on cost increases or factor them into pricing agreements with buyers.

Thirdly, Ontario farmers must also be competitive with farmers in other provinces. Wage rates in Ontario for farm labour must therefore also remain competitive with those in other provinces. If not, Ontario farmers will quickly be at a competitive disadvantage with their counterparts across the country.

The horticulture sector is still struggling to absorb the last minimum-wage increase to $10.25 an hour. This had the largest effect on the number of hours worked in Ontario's horticulture sector. This means that any work hours in addition to the essential or mandatory hours, such as harvesting—hours that would have been spent on maintenance and upkeep, the removal of weeds and so on—were reduced or cut.

The last series of minimum-wage increases amounted to an increase of 28% between 2008 and 2010. It is important to note here that according to Statistics Canada data, Canadians on average, over the 10-year period from 2002 to 2011, paid only 2% more for fresh fruit and 1% to 2% less for fresh vegetables over that same 10-year time period. Once again, consumers paid 2% more and 1% to 2% less from 2002 to 2011.

These figures show the general trends. While there is always up-and-down movement in prices as different factors affect the marketplace, the overall trend has flatlined. The effects of globalization on our industry will forever be a challenge and will continue to put pressure on our already very slim margins.

While an increase in the minimum wage will put strain on many of our members, we understand that minimum-wage rate increases are inevitable. This is why we support a minimum-wage system that follows the Ontario consumer price index and avoids any lump-sum increases to the minimum-wage rate. This will ensure that the minimum-wage system is stable and predictable, allowing the farmers and other business owners to plan responsibly for changes in their labour costs.

Smaller annual increases are much easier for employers to deal with and absorb, if necessary. It will also keep income levels current with inflation, serving both employers and employees better than the current system does.

However, should the government choose to increase the provincial minimum-wage rate and then follow that with an implementation of an inflation-based system, then we would ask that the provincial government recognize the realities of the agricultural business, like those of global trade, and create a separate agricultural wage rate.

The reason for this ask is that the Ontario horticulture sector is heavily dependent upon the Seasonal Agricultural Worker Program. Because this program is administered by Employment and Social Development Canada, we do not control what wage is paid or how it is set. ESDC establishes the wage rate for the Seasonal Agricultural Worker Program by using either the provincial minimum-wage rate or the going regional wage rate for comparative work, whichever is higher.

The wage rate set by ESDC changes by province and is dependent upon the province in which the work is done. Any significant wage increase will most certainly jeopardize the sustainability of Ontario's fruit and vegetable sector.

For information purposes only, the seasonal worker program wage rate has already been set by ESDC, and for Ontario it is $10.33 an hour.

Our farmers cannot absorb any additional lump-sum increases, but should this happen, we will see widespread loss of local food production in Ontario as fruit and vegetable farmers go out of business. For this reason, a separate wage rate for agriculture is needed because it will help keep us more competitive with agriculture in other provinces and countries.

Some people will argue that if we are to follow the CPI in establishing the minimum-wage rate, then we must first have an adjustment to make up for the fact that there has been no increase in that rate since 2010. Their thought is that we need to make up for inflation.

In reality, however, this is not the case. In fact, we are well ahead of inflation. If we had been using CPI to establish the minimum-wage rate since 1995, the minimum-wage rate in Ontario today would be $9.70, not $10.25. If we had been using CPI since 2003 to establish the minimum-wage rate, we would be at $8.57. Clearly, we are ahead of inflation and cost-of-living increases. There is no justification for any catch-up adjustment before moving to a CPI system.

Not all employers, and certainly not all sectors, can afford significant wage increases. As I've already mentioned, some sectors have the ability to pass on additional expenses such as wage increases, but many, like fruit and vegetable farmers who compete in a global market of often highly subsidized product, do not. Therefore, extreme care must be taken when the minimum wage is increased so as to not place certain employers and sectors at a disadvantage versus their competition. Ontario's manufacturing sector has suffered thousands of job losses in the recent past and clearly illustrates the results of lost competitiveness in a world of global trade.

The key to economic success and therefore reducing poverty is to find a good balance between the needs of both the employee and the employer. This will create job opportunity and not diminish it through job loss. It should be noted here that in the non-edible horticulture sector, which is flowers and that group, 10% of all jobs were eliminated following the last round of minimum-wage increases. In the edible horticulture sector, many jobs were also lost; so too, and even more importantly, the number of hours worked was also reduced as this was the only means for the farmers to keep their labour bills in check.

In conclusion, I would like to reiterate that we believe that the fruit and vegetable sector can live with a minimum-wage system that follows the CPI for Ontario.

But should there be an increase to the minimum-wage rate prior to adopting a CPI-like system, then agriculture in Ontario would need to have its own wage rate developed so that Ontario's local food system can remain resilient, robust and thriving, like the Local Food Act aims to achieve. Thank you very much.

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

There's about a minute left. Catherine or Michael?

**Mr. Michael Prue:** You've given us some information here. The overwhelming majority of people, as you have admitted yourself, work in the non-agricultural sector, and most of them work for very large corporations that pay minimum wage, places like McDonald's and Walmart and Target. They are multi-million dollar corporations. So we have to balance the two, and I think you've tried to do that too.

**1330**

**Mr. Art Smith:** Exactly.

**Mr. Michael Prue:** So I want to thank you for giving the ideas, but what do we say to the people in the non-agricultural sector who are looking to get out of poverty if we don't raise their wages?

**Mr. Art Smith:** In the non-agricultural?

**Mr. Michael Prue:** Yes, in the non.

**Mr. Art Smith:** I can't speak to non-agricultural. I mean, I'm here to tell the story about our realities.

**Mr. Michael Prue:** No, no. I know your realities, but I mean, there's also the other reality of the majority of people—

**Mr. Art Smith:** Well, I think what you do is you look at it and say that we're going to have a double wage rate. One may be here and the other one somewhat lower than that.

**Mr. Michael Prue:** You've made a good point, and I thank you for that.

**Mr. Art Smith:** I have no problem with that type of approach.

**Mr. Michael Prue:** Okay. Thank you.

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

**Mr. Art Smith:** Okay, thank you.

## INTERFAITH SOCIAL ASSISTANCE REFORM COALITION

**The Chair (Mr. Kevin Daniel Flynn):** Our next presenter this afternoon is from the Interfaith Social Assistance Reform Coalition: Bishop Michael Oulton—and friend.

**Mr. Jamie Swift:** Jamie Swift.

**The Chair (Mr. Kevin Daniel Flynn):** Okay. Have a seat. We'll distribute those for you if they are copies of the presentation. Welcome. Like other delegations, you have 15 minutes. Use that any way you see fit. Any time left over for questions will come from the government. And if you would introduce yourselves so we know who you are on Hansard.

**Bishop Michael Oulton:** Thank you very much. My name is Michael Oulton, and I'm the Anglican bishop of the diocese of Ontario that takes in an area centred here in Kingston, but runs from Trenton to Cardinal to Kemptville to Bancroft. I'm here today with Jamie Swift.

**Mr. Jamie Swift:** My name is Jamie Swift. I'm here on behalf of the Justice and Peace Commission, Anglican and Catholic, here in eastern Ontario. I work for the Sisters of Providence, justice and peace office, and I teach at the Queen's School of Business.

**Bishop Michael Oulton:** Just leading off here—and I think Jamie and I are both here kind of in support of the Interfaith Social Assistance Reform Coalition, an organization that has been in place for about 30 years. It has had opportunities to make presentations before committees such as this, speaking on behalf of those who one would probably refer to as the vulnerable within society, those who are at risk, those who are sometimes referred to as the voiceless within society—to speak up on behalf of that constituency, and speaking specifically with respect to issues around poverty.

As we begin our presentation, I would say that even though ISARC can be identified with a particular constituency, when we make these presentations, we do so on behalf of all of the citizenry of our province, because the issues that affect those most in need have ramifications across the board and affect all facets of society. As we work to improve the lot of those who are less fortunate, we are making substantial investments in the life of our society as a whole. So ISARC works very hard to identify issues within a particular constituency, but always with a view to the broader life of our province, again keeping in focus our overriding concern: that we live in a province, in a jurisdiction, in a country that is deeply blessed, and we have an opportunity to share, one with another, and to take the opportunity to speak to groups such as yourselves as you prepare the fiscal and economic direction forward for the province. So we thank you very much for that.

I'll turn it over to Jamie for the first part.

**Mr. Jamie Swift:** I would first off want to congratulate all three parties for their unanimous support of the Poverty Reduction Strategy back in 2008. Unfortunately, in spite of the baby steps forward that have been made in light of the Poverty Reduction Strategy, times remain as tough as ever for Ontario's poor. More than half a million Ontarians are now working for Ontario's minimum wage of $10.25 an hour, which has been frozen for the past four years. I think a crucial point to make is that if you work full-time at the minimum wage, you still live below the poverty line. So I think that's something that should underline our presentation at all times.

People in faith communities work on the front lines in support of our most vulnerable neighbours. Right across the street from Bishop Oulton's office, behind the Anglican cathedral here in Kingston, they run Food by George—Food by George?

**Bishop Michael Oulton:** Lunch by George.

**Mr. Jamie Swift:** Lunch by George, which is a play on words, since it's St. George's Cathedral. It works 52 weeks a year, with lunch every day. We hear first-hand accounts of poverty and what it means to people's lives.

ISARC members witness despair, including talk of suicide by people who see no hope in their lives. Their health suffers from these deprivations and the anxiety they experience—and I think that's another point that we want to underline: The health effects and the health costs of poverty in the long term are something we should never lose sight of. Poverty makes us all sick.

**Bishop Michael Oulton:** Since I became bishop in 2011, it has given me an opportunity to find out a little bit more, across the breadth of the area that I serve, about some of the challenges that are faced by those who are working to alleviate poverty—the huge challenges that they face—and also the individuals living in those particular circumstances.

In my opinion, and I think in the opinion of ISARC as well, over the last two and a half decades there has been a shift in the conversation that we've had across society. We've focused—and I think, in a sense, it makes sense that we have—on the importance of deficit reduction within the life of our country and our society, and to take a reasoned and reasonable look at how we spend our tax dollars. But there has been an increasing emphasis on deficit reduction as a sole strategy of moving the province's economic future, and I think that's not just true in Ontario, but right across the country. A lot of the direction has been focused on that conversation. The fallout from that has been, I think, quite difficult in a lot of ways.

We have moved away from a conversation where we see that if we are supporting those less fortunate within the life of our society—we saw it as investing within the life of our society. Now we have a conversation that I find in a sense disturbing, where those who are in need, those who require the services of society, are seen as taking from society with no value added back. I think there's an opportunity in the fiscal direction moving forward to restore balance to that conversation, to move away from what I think ISARC has termed a "gospel of austerity" to looking at the opportunities that are before us to once more start making investments in our people.

Jamie referred to the Lunch by George program. There are a number of programs that go on—not only in the city of Kingston, but across the region—that help folk who are, through no fault of their own, in a circumstance of difficulty and hardship. If there was a sense to invest in them, to help them to restore their sense of dignity, self-worth and being contributing members of society, and talking more in a language of partnership rather than a language of benevolence, charity or handout, working together, one with the other—I think that's going to make a huge difference for us.

In talking about making investments in people, ISARC wants to focus on the fact that there are opportunities for government to do this. I draw your attention to some of the proposals that we have put in our presentation related to taxation, talking about some ways in which government can raise additional revenue. We're proposing a 1% increase in the tax rate for the wealthiest 5% of Ontarians, those earning $108,000 or more. Our figures say that that would raise $480 million annually.

We're also looking at restoring the corporate tax rate to the level it was at in 2009, to raise an additional $3 billion annually in government revenues. ISARC's numbers show that Ontario has one of the lowest corporate tax rates in Canada, even lower than that in Alberta. Again, it's an opportunity to raise funds to invest in people and change the tone of that conversation once more. It's a positive sense in that way.

**1340**

**Mr. Jamie Swift:** Yes. We want to reiterate, as Bishop Oulton underlines here, that we can choose to build a fairer society. We are encouraged by the 2013 throne speech, which refers to the need for a society where each and every one of us is safe, healthy and cared for. Those are good throne speech words, but what we have to do is summon the political will to give them traction.

We've outlined in our brief—we're not going to read them out. We propose a raise in the minimum wage, again, to $14 an hour in two stages by 2016. There used to be this Victorian, old-fashioned notion of a difference between the deserving and the undeserving poor. I don't subscribe to it, but even if you did, the "deserving poor" are those who are working full-time. As I've already pointed out, working full-time, all year round, at a minimum-wage job will still leave you below the poverty line. This is fundamentally unjust.

We'd also call, along with the Put Food in the Budget campaign, for a $100-a-month increase in social assistance for people on Ontario Works. We'd want to add significant spending to affordable housing here in Ontario, something that has been neglected and that even the Drummond commission urged the Ontario government to take leadership on. As with the social assistance increase, spending on housing provides stimulus to local economies. The money stays here; it doesn't go to the Cayman Islands, which one of the previous speakers mentioned.

Dental care: We want to congratulate the Ontario government for expanding the eligibility for free dental care to 70,000 more children, to help break down barriers, to provide opportunities, and we think this initiative should be carried forward to adults who are living in poverty. Too much of the time in our emergency rooms goes to people who can't afford dental care and they wind up in the emergency room. It returns to my original point about poverty making us all sick, which relates to the article that I've passed around, along with our presentation.

Professor Elaine Power, who teaches health studies here at Queen's University, earlier this month had an article in the Whig-Standard that made exactly these points about poverty making us all sick. She called it "Health 101."

**Bishop Michael Oulton:** I just want to reiterate once more, just as we close our presentation, that a lot of the issues we identify here are issues that don't easily show up on a balance sheet. When people are struggling in their home life—and it's a significant sector of our population—this has an effect in the long run. You can take any one of a number of sectors, whether it's health care or whether it's education—all of these things that the government has to take action on: When people are struggling around housing and maintaining a roof over their heads, it leads to an instability within society, a breakdown in the stability of the family unit as well as the stability of the community itself.

I've appreciated the opportunities that my colleague in the Roman Catholic Church, Archbishop Brendan O'Brien, and I have had annually to sit down with Minister Gerretsen and have an opportunity to speak about some of these issues. I know that MPPs across the province take that opportunity to listen to the sectors of society that are raising these issues and dealing with these matters on a hands-on basis.

Again, I think there's a wonderful opportunity before the Legislative Assembly to be able to begin to change the conversation, change the dialogue, move towards a more balanced approach, and begin to start looking at our taxation regimen and our fiscal regimen as an opportunity to invest in the people of the province of Ontario. My friends, when you do that, I think you will receive huge benefits as a result.

Thank you very much.

**The Chair (Mr. Kevin Daniel Flynn):** Wonderful. Thank you, Jamie, and thank you, Bishop Oulton. You've left about a minute and a half for probably one quick question.

**Ms. Mitzie Hunter:** Wow.

**The Chair (Mr. Kevin Daniel Flynn):** Go ahead, Mitzie.

**Ms. Mitzie Hunter:** I know that my colleagues also wanted to speak with you. Thank you so much for your presentation and the very thoughtful way that you've made suggestions.

I can certainly assure you that the Poverty Reduction Strategy is something that we're very committed to. It's a cross-ministry effort and initiative.

We're moving forward also in transforming our social assistance. Those initiatives are being rolled out. In September, we announced increases to Ontario Works, and the $200 without clawback. There are a number of initiatives that are being implemented as we speak, to really combat that notion of austerity, and ensuring that those that are most in need receive the help and the supports that they need—as well as investing in people right across the spectrum, whether it's in education, the 30% off tuition for middle- and low-income, or in health care and in other ways.

I think that you've been very thorough in your presentation, and some of this, we need to go back and we need to look at, particularly along the tax recommendations and how we can boost revenues, and ensuring that we boost revenues in a context where we continue to have a thriving economy, because at the end of the day, if we ensure that our economy is thriving, then our people are working and are living productive lives.

I just want to say thank you for your presentation.

**Mr. Jamie Swift:** Thank you.

**Bishop Michael Oulton:** Thank you very much. Thank you for your time.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you very much for being here today. It was appreciated.

## CANADIAN RENEWABLE FUELS ASSOCIATION

**The Chair (Mr. Kevin Daniel Flynn):** Our next presentation this afternoon is from the Canadian Renewable Fuels Association: Deborah Elson, the president. Come forward, Deborah and make yourself comfortable. We'll hand those out for you. You have 15 minutes, like everybody else. Use that any way you like. If there's any time left over, it will come from the Conservative Party.

**Ms. Deborah Elson:** Great. Thank you.

**The Chair (Mr. Kevin Daniel Flynn):** It's all yours.

**Ms. Deborah Elson:** Mr. Chairman, members of the committee, thank you very much for the opportunity to be with you here today to discuss the Ontario budget. My name is Deborah Elson. I'm the vice-president of the Canadian Renewable Fuels Association.

CRFA members produce a suite of innovative fuels and co-products. Our members produce ethanol and renewable diesel from an array of feedstocks, including corn, wheat, soybeans, canola, spent cooking oils and rendered animal residues, as well as wood waste, forest biomass and reclaimed municipal solid waste.

Renewable fuels like ethanol and renewable diesel significantly reduce greenhouse gases when compared with the petroleum products they are blended with. There is a federal inclusion requirement for the use of renewable content in transportation fuels. That requirement mandates that 2% renewable content is blended into the national diesel pool. This mandate allows fuel providers the flexibility to comply in whatever provincial jurisdictions they choose, as long as the national average corresponds to 2% of the total fuel pool.

Each of the western provinces has their own unique provincial requirements for renewable content in diesel. British Columbia requires 4% renewable content, while Alberta, Saskatchewan and Manitoba all require 2% renewable content. This does not replace the federal requirement; it is a complementary regulation.

We need a renewable diesel mandate in Ontario, and the government has responded. The 2013 provincial budget announced the repeal of the biodiesel tax credit of 14 cents per litre, effective April 1, 2014. The budget also announced stakeholder consultations on the creation of a renewable content requirement for diesel fuel in Ontario. These consultations led to the recent announcement of the provincial government's notice of intent to regulate a greener diesel mandate for the province of Ontario.

It is worth noting that trucks entering Ontario from Michigan, Illinois, Pennsylvania, New York, Vermont, New Hampshire, New Jersey, Ohio, Minnesota and Manitoba all have biodiesel in their tanks today. The Ambassador Bridge alone has over 10,000 trucks entering Ontario with biodiesel in their tanks every day.

Minnesota requires that 5% biodiesel is blended year-round and 10% is blended during the summer months. Some 48,000 trucks enter Ontario from Minnesota with biodiesel in their tanks.

Some have asked why we need a mandate in Ontario if the federal mandate applies to the national fuel pool. There is very little blending of renewable content being done in Ontario, because any blending that occurs here is strictly on a voluntary basis, whereas blending is mandatory in the western provinces.

As you can see from my third slide, the result of this is that the oil and gas companies are blending significant amounts of their federal obligation in the western provinces. The obligated parties are actually over-blending renewable content beyond their required obligations, to concentrate their efforts and investment. In many cases, they are blending at 5% renewable content out west. This is unacceptable to Ontario farmers and to the Ontario renewable fuels industry which are forced to compete for their fair share of the federal mandate with their western Canadian counterparts whose provinces have their own inclusion requirements.

**1350**

The Ontario government proposal would require that 2% renewable content is blended into the province's diesel pool. The proposal would also require a guaranteed greenhouse gas emission reduction of 50% on average compared to petroleum-based diesel. In 2016, the volume grows to 4%, with a GHG reduction of 70%. The proposal ensures the fair recognition of the GHG reductions that renewable fuels provide and places a premium on those fuels that reduce GHGs the most. The GHG reduction requirements ensure that the goal of the proposed regulation, the reduction of GHGs, is achieved. There are also benefits from the reduction of other toxic emissions from petroleum fuels.

Creating this mandate in Ontario provides business risk management for Ontario farmers. The Greener Diesel proposal represents a potential market for over 680,000 tonnes of soybeans. It will also ensure market access for Ontario biodiesel producers and significantly reduce the emissions of both greenhouse gases and other toxic substances from Ontario's fleets. It is a win for the environment and the economy, and will allow Ontario to contribute to its own energy security as opposed to importing fossil fuels from elsewhere.

The Grain Farmers of Ontario, the Ontario Federation of Agriculture, Soy 20/20 and Ontario Agri-Food Technologies have all supported the creation of the Greener Diesel mandate because of what it represents for our farmers. CRFA strongly supports the government's goal of regulating this inclusion requirement and believes that this proposal should be implemented as soon as possible.

Our association would also like to look at the broader policy framework for fuels in Ontario. As you may know, the federal government has regulated a mandatory fuel economy requirement for new vehicles sold in Canada. Starting in 2017, the Corporate Average Fuel Economy, or CAFE, standard will require new vehicles to almost triple their current efficiency by 2025. This approach is appropriately integrated with the United States, whose platform for manufacturing automobiles is closely interconnected with our own.

This will demand significant technological change, to be sure, but that new technology will also require specific fuels. Original equipment manufacturers like Ford and General Motors have publicly stated that they will require higher-octane fuels to power what will be smaller, lighter engines. There is no cheaper and cleaner source of octane than ethanol.

The problem is that consumers don't have access to this higher-octane fuel, and they won't unless we start acting now. Pump turnover takes a significant amount of time. Adapting our fuelling infrastructure to keep pace with the demand for higher-octane fuels is essential. This will ensure that consumers have the fuels they need to maximize the environmental performance of their vehicles.

We recommend that the government encourage pump turnover by using tax measures to aggressively depreciate the capital outlay required to update today's fuel pumps. This will provide consumers with the fuelling choices needed to ensure that the goal of the CAFE standards is met: increasing fuel economy. Currently, those options simply do not exist.

Our ethanol producers are also working to diversify their businesses. The Ontario Ethanol Growth Fund has helped our members build out their capacity and commit to research and development of an exciting array of advanced bioproducts. The program creates almost $1 billion in economic activity annually, or a 4-to-1 return on investment, and has contributed to building out over 730 million litres of ethanol production here in Ontario.

While today's ethanol plants are quickly turning into the biorefineries of tomorrow, in no small part due to the OEGF, we need to develop a provincial bioeconomy strategy. Sadly, there has not been much leadership from the federal government in this regard. The time is opportune for Ontario to lead in promoting an advanced bioeconomy that will further diversify the products that come from our agricultural and forestry sectors.

The province should be specifically applauded for its work in promoting the reduction of GHGs in the agricultural sector. A provincial bioeconomy strategy will integrate more sustainable products into the manufacturing sector. A provincial bioeconomy strategy will serve as a beacon to investors, can be built off the existing Growing Forward 2 framework and will further the goal of reducing emissions in all sectors by promoting the development of sustainable products.

Finally, I want to talk about advanced biofuels like cellulosic ethanol. Cellulosic biofuels are on the cusp of commercialization in Canada and will play an instrumental role in the continuing growth of a strong domestic biofuels economy. These advanced biofuels represent an important segment of the clean technology industry in Canada. Employing breakthrough technologies and innovation, cellulosic biofuels use a wide variety of local biomass and residues for the production of renewable fuels.

We recommend exempting cellulosic ethanol from the 14.7-cent gasoline tax. Exempting cellulosic biofuels from the provincial gasoline tax would directly contribute to meeting the government's goal to create economic growth in a fiscally responsible manner while significantly reducing GHG emissions in Ontario.

As demonstrated with similar incentives for other commodities, this relatively small tax measure would encourage domestic production and retain cellulosic biofuels in Ontario. This ensures that the economic and environmental benefits accrue locally, where they matter most. In fact, similar tax exemptions assisted in the start of the traditional ethanol industry in Ontario.

Globally, Canada and, as a result, Ontario are falling behind the growing trend to incentivize cellulosic biofuels as industrialized countries attempt to keep this GHG-reducing, economy-growing fuel within their borders. The existence of this important incentive would result in Canadian-made cellulosic biofuels remaining in Canada where they belong and where they will help kick-start the industry in the province of Ontario.

The government has encouraged the growth of the industry, but there is little in place to encourage the use of the fuel in Ontario. Aggressive subsidy programs in the United States draw the product from around the world. The United States has several tax credits available for the production and blending of advanced biofuels, including a producer tax credit for cellulosic biofuels as well as an accelerated depreciation tax program for cellulosic ethanol facilities. These credits stimulate production in the US, but they can also draw product in from other jurisdictions.

We are competing with extremely deep pockets. A tax incentive in Ontario would help level the playing field and ensure that Canadian cellulosic biofuels are consumed domestically rather than being pulled into more aggressive markets. This is important so that our communities can get the full environmental benefits that using these fuels provides. Very small tax measures like exempting cellulosic ethanol from the current provincial gasoline tax of 14.7 cents would reduce the significant price gap that the US subsidies create and would encourage cellulosic ethanol consumption in Ontario.

I wish to thank you for allowing me the opportunity to speak with you today. On behalf of the CRFA, we encourage all parties to support the creation of a renewable diesel mandate without delay.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Deborah. You've left between a minute and two minutes for questions. There's probably time for one; maybe two.

Toby?

**Mr. Toby Barrett:** Thank you, Chair. Exempting the tax on cellulosic ethanol—14.7. There's a proposal, actually, for that tax to go up to 24.7, which would make that tax break even more significant if that were to ever go through. Cellulosic—we're talking wood fibre, primarily?

**Ms. Deborah Elson:** It can be made from any sort of biomass feedstock. Enerkem Technologies are converting biomunicipal waste to cellulosic.

**Mr. Toby Barrett:** Okay. And then the United States—what is this state exemption on tax? Which states, do you recall?

**Ms. Deborah Elson:** I do not have that information. I could certainly get that to you.

**Mr. Toby Barrett:** You don't? What's the barrier for biodiesel? I know Rothsay, for example—that's deadstock. The restaurant trade: Are they contributing?

**1400**

**Ms. Deborah Elson:** Yes. Rothsay and Biox both use tallow and used cooking oils. Biox is feedstock agnostic, so they could convert any fat product.

**Mr. Toby Barrett:** And usually what percentage of it is soybean?

**Ms. Deborah Elson:** I don't think either Biox or Rothsay use soybean—

**Mr. Toby Barrett:** No, I just wondered—in other states or provinces.

**Ms. Deborah Elson:** I believe there might be one facility out west using soybean. I don't think there is one in Ontario. I know the—

**Mr. Toby Barrett:** So we're not necessarily substituting a food product for a fuel.

**Ms. Deborah Elson:** No.

**Mr. Toby Barrett:** Okay. That's what I wanted to know.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you, Deborah. Thank you very much for coming today. We appreciated your presentation.

**Ms. Deborah Elson:** Thank you very much for your time.

## ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

**The Chair (Mr. Kevin Daniel Flynn):** Our next delegation this afternoon is from the Ontario Association of Children's Aid Societies: Mary Ballantyne. Mary, if you'd like to come forward, make yourself comfortable. We'll hand those out for you. You have 15 minutes like every other delegation. Use that any way you like. Any time left over will go to the NDP. It's all yours.

**Ms. Mary Ballantyne:** Thank you. Good afternoon, everyone. My name is Mary Ballantyne, and I'm the executive director of the Ontario Association of Children's Aid Societies. I have with me Terri McDade, who is a board member of the local children's aid society here in Kingston, and she's also on the provincial board of directors.

The Ontario Association of Children's Aid Societies is the voice for child welfare and represents 44 of the 46 children's aid societies in Ontario as well as six of the pre-mandated aboriginal agencies in Ontario. We're dedicated to providing leadership for the achievement of excellence and the protection of children and the promotion of well-being within their families and communities.

Children's aid societies in Ontario have the exclusive mandate, as defined by the Child and Family Services Act, to protect and care for children who have been or are at risk of abuse and neglect. The child welfare legislation and several supporting regulations, directives and standards are highly prescribed with specific and detailed requirements of what, how and when CASs must provide these services. CASs are required to respond to all children who are referred to them who meet the eligibility requirements established in the Ontario Child Welfare Eligibility Spectrum.

The Ontario Association of Children's Aid Societies and the children's aid societies are conscious of the fiscal environment in Ontario, and we worked very closely with the Commission to Promote Sustainable Child Welfare, the commission that was established by this government to look at the sustainability of child welfare in Ontario. Children's aid societies have focused their attention to and made progress on many of the key areas identified by the commission, including fiscal constraint, reconfiguration of services, amalgamation of agencies, implementing accountability requirements, enhancing local agency governance and measuring service performance. We are working towards the commission's modernization plan, balancing effectiveness and efficiency.

We'll also note that at the same time as doing this, the need for child protection services in Ontario continues. In fact, the number of ongoing services or the families that are requiring longer than just an initial assessment service have increased by more than 10% in Ontario in the last two years. Fewer children are coming in to state care, and this number has declined over the last five years as children's aid societies are working very hard to invest in children within their own homes. But in order for us to continue to do the work that we do and to make the changes required, we do have some recommendations and requests of you.

The first has to do with the funding and the funding model. At the beginning of 2013-14, a new funding model was put in place in children's aid societies, and, at the same time, the approved child welfare budget was basically the same as it has been for the last three years. The children's aid societies have embraced the change, but they do need stability through the change process to continue the critical services to vulnerable children, youth and families without disrupting or destabilizing that service.

Our recommendations are that we restore the funding to the level of funding that was provided in 2012-13 of $1.464 billion, recognizing the real cost of protecting children, and that we use that to accelerate the implementation of the new funding model, where agencies that have been identified as requiring more funding receive that funding; and those that are needing to decrease their budgets receive salary adjustment and labour adjustment costs to assist with that; and that there also be some bridging transfer funds to assist them as they make those changes.

We also ask that a new funding model be developed to address the negative impact of the current model on remote and aboriginal agencies, and also that the model look to provide contingency funds for extraordinary circumstances that do come up in local communities, that affect their child protection needs.

The second set of recommendations is for aboriginal children and families. We have seen some overall improvements in service trends in Ontario for children generally, and those are outlined in the paper we've provided for you. But these improvements have not been there for aboriginal children, and in fact, their situation continues to be dire. We do ask that you look at a funding model that will reflect the needs for aboriginal children. This was a recommendation specifically made by the commission.

We also ask that we move forward with and provide the resources necessary for the designation of the aboriginal agencies who are ready to take on their own protection mandate.

The third set of recommendations has to do with a northern framework for child welfare in Ontario. Northern Ontario requires a specialized framework to look at the structuring, funding, governing and delivery of child welfare services in the non-aboriginal communities and also the aboriginal communities. The broad geography is significant there, and in order for children to be well served in the north, a separate strategy is necessary there.

The next set of recommendations has to do with services for youth. Many youth in the care of a children's aid society have experienced trauma, tragedy and loss, and many require long-term treatment. Although the number of children in children's aid society care is declining, the number of youth in care is sustained and is not expected to decrease in the near future. But we can create more opportunities for permanent families and supports for these youth so that they can go on to lead productive lives.

Our recommendations for youth are the following: At this time, the Ontario legislation does not allow for the protection of 16- and 17-year-olds, so we ask that the legislation reflect the need to protect 16- and 17-year-olds from abuse and neglect, and that children's aid societies be provided with the resources to do so.

We also ask that there be subsidies for youth to the age of 21 so that they can stay in permanent homes.

Also, we would ask that the health and dental care for youth who have grown up in care be extended to age 25, as this would be the case for most youth living in their own homes or attached to permanent families.

The next set of recommendations has to do with improving permanency and adoption. Many children are adopted in the younger age groups. However, we know that a number of children with complex needs are not able to be adopted because of the need for subsidies. Often, complex developmental, physical, psychological and emotional needs come with these youth, and extra resources are necessary. But stability for these youth is really important, so we do recommend that we provide subsidies to enable families to adopt older youth, especially those with exceptional needs.

We also ask that we remove the disincentives to adopting crown wards, who receive significant support resources if they remain as crown wards, but all of those resources are lost if they are adopted.

The last set of recommendations is for services to support families in very high-risk situations. Children's aid societies are stretched within their current mandate to balance their budgets and meet accountability initiatives, but we are still one of the only organizations in many communities to provide for the complex needs of children and families. The issues and the needs of these families are often embedded in a long history of trauma and abuse, and the communities require the resources to be able to address those issues.

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We recommend that services to prevent further problems be continued within communities, especially within First Nations and rural communities, and that we make the needed investments in youth and adult mental health so that we can do things like address partner violence and substance abuse, treatment that is critical for keeping families healthy and children safe.

In conclusion, the sector of child welfare continues to advance service improvement as guided by the commission's framework. In partnership with the government, we're implementing new accountability and transparency measures, including performance indicators and accountability agreements. Aboriginal and non-aboriginal agencies have worked for a future where aboriginal children and families are served by members of their own communities. We've got improvements in service models that will help us exercise fiscal responsibility. We are progressing towards large systemic change and embracing it with perseverance, but the change agenda, which requires outcomes and will protect children and youth, requires careful implementation and support and resources from government.

After three years of flatlined budgets, children's aid societies need sufficient resources to build a stronger system. The current funding model needs to provide the resources it promises to CASs identified for funding increases, and agencies that need to decrease their funding need time and transitional resources to do so.

The Ontario Association of Children's Aid Societies asks that government take action to improve the outcomes for children, youth and families and help us create a sustainable system. Thank you very much for this opportunity to address you today on behalf of Ontario's most vulnerable children.

**The Chair (Mr. Kevin Daniel Flynn):** Thank you very much. You've left about three minutes for questions.

Catherine.

**Ms. Catherine Fife:** Thank you very much for the presentation. You've made some very clear asks of us today.

Your first request—to restore funding to the level of 2012-13, recognizing the real cost of protecting children: This is a very powerful statement that you've put in there. If the government, in our next budget, does not increase the level of funding for FN CASs, do you think that we will be putting children at risk? Something has to give in this funding model. Can you comment on that?

**Ms. Mary Ballantyne:** Yes. Certainly the children's aid societies, recognizing the fiscal constraints, have been working very hard. However, there are agencies, according to a new funding model, that need to decrease their resources. Without the support to be able to do that and the transition time to change their service delivery models to accommodate that, there is concern that those lack of resources, could put children at risk—

**Ms. Catherine Fife:** Okay. Thank you. Kitchener-Waterloo actually came to us and did a very similar presentation because they are one of those agencies that has done everything that they were asked to do. They have tracked it, and their books are open. They spoke highly of the transformation agenda. The government brought in this agenda, with the support of agencies across the province. They would like to be able to fulfill that mandate, but they do not have the funding to do so. Is that a typical experience that you're seeing from across the province?

**Ms. Mary Ballantyne:** Yes, that would be a typical experience. Certainly as the years go by and the costs of caring for children go up and there are no further resources to be able to do that, agencies become more and more compromised in their ability to provide the service.

**Ms. Catherine Fife:** Thank you for that.

Thank you also for bringing the issue of support for aboriginal children and families. It's incredible, but very few people are speaking up for this very vulnerable group of children across the province, so I want to thank you for doing that.

I know that the modernization agenda for agencies across the province has not gone as smoothly as we all would have liked it to. What is the cost across the province—because this is the finance committee—if we were to restore the funding to 2012-13 funding levels? Do you know what the overall budget item would be for the province?

**Ms. Mary Ballantyne:** I believe that it is $1.464 billion. I can get you the exact number—

**Ms. Catherine Fife:** That's the adjustment, though, right?

**Ms. Mary Ballantyne:** —but it's about a $30-million adjustment.

**Ms. Catherine Fife:** So for $30 million—

**The Vice-Chair (Ms. Soo Wong):** Thank you very much.

**Ms. Catherine Fife:** Did the clock go off?

**The Vice-Chair (Ms. Soo Wong):** Yes, it's 2:15.

**Ms. Catherine Fife:** Oh, it did? I didn't hear a clock.

**The Vice-Chair (Ms. Soo Wong):** Okay. Thank you very much to the witnesses. Thank you for your presentation.

**Ms. Catherine Fife:** Thank you.

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

## ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

**The Vice-Chair (Ms. Soo Wong):** Our last witness is Donna Rubin of the Ontario Association of Non-Profit

Homes and Services for Seniors. Thank you very much, Ms. Rubin. Welcome.

**Ms. Donna Rubin:** Thank you. Who do I give these to?

**The Vice-Chair (Ms. Soo Wong):** Christina, can you pick up the stuff? The staff can circulate that. Thank you.

All right. You can start at any time. You have 15 minutes. I believe that this time around it's the government side asking the questions. Thank you.

**Ms. Donna Rubin:** It's on?

**The Vice-Chair (Ms. Soo Wong):** Yes. You can start.

**Ms. Donna Rubin:** Good afternoon. I'm Donna Rubin, CEO of the Ontario Association of Non-Profit Homes and Services for Seniors. With me this afternoon is Dan Buchanan, who's our director of financial policy. We represent the not-for-profit long-term-care sector, municipal and charitable long-term-care homes and not-for-profit nursing homes. Today we're here speaking specifically about long-term care. In your package is a copy of our full submission, as well as my remarks today.

"Imagine, for just a moment, how it would feel to be elderly and living in a nursing home, terrified of a resident down the hall who suffers from dementia with all of its unpredictable" behaviours. This is the lead-in from an editorial that ran just two weeks ago in a major daily newspaper. It is just one of a number of articles over the last several months that have zeroed in on violent incidents in long-term-care homes.

It's no surprise that this issue is grabbing the public and the media. Keeping people safe is by far the greatest challenge people are facing in long-term-care homes in terms of caring for their residents today, and we need systemic changes that will require funding to deal with this issue.

Here are some statistics: 35% of the 77,000 residents in long-term-care homes have moderate aggressive behaviours, and this population is increasing at a rate of about 4%, or about 1,200 residents per year. An additional 11% of our residents are considered to be severely aggressive. What this means is that in a standard resident home area of 34 beds, three to four of them will have severe levels of aggressive behaviour.

We can't control who comes into our homes; the community care access centre controls admissions. We can't transfer or discharge someone, even if they might be a danger to others, and it's our obligation to support the most challenging of residents using the least amount of restraint possible, whether that's chemical or physical.

For years, we have been signalling that we don't have enough direct-care staff on the floor, and the staff we have are not adequately trained to provide proper care for residents with aggressive and unpredictable behaviours. As a result, we can't guarantee the safety of our residents. If a viable and adequately funded solution is not implemented, we will continue to put residents and staff at risk.

Speaking of risk, there have been 27 long-term-care homicides since 2001, just in Ontario. Every long-term-care administrator knows that this could happen in their home, and they're just glad that it hasn't. Ever since the coroner's report following a resident's death at the Casa Verde nursing home in 2001, we and many other concerned parties have been calling for specific recommendations to take action in the area of behaviours.

We acknowledge that the provincial government has responded with funding for certain targeted initiatives over the last couple of years—particularly Behavioural Supports Ontario, which is a provincial program for long-term-care homes initiated in 2010. But the government needs to step up its approach in every home if this issue is going to be resolved. We are long overdue for a province-wide, systemic approach for managing behaviours in long-term-care homes. We're recommending an approach that's made up of a minimum of three critical components, and there are more in the package, but the three that I want to address with you today in particular are:

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First, we need staffing increases; specifically, in-house behaviour care expertise to support those with dementia and specifically those with moderate behaviours. Our costing model assumes a behaviour therapist for every home, a personal support worker who serves as a behavioural lead for every 200 beds and an additional personal support worker for every 100 beds. We estimate the cost of this measure to be approximately $92.4 million per year. It's not a small amount; there are 630 homes in the province and 77,000 beds.

Second, we need more designated behavioural units to care for residents with severe aggressive behaviour. Currently, there are about six of these across the province and we recommend that more be added. We don't have a specific costing for this item, as a fulsome analysis is needed to determine the right number, staffing and other details.

Third, all care staff need and deserve improved access to appropriate training and education on a regular and recurring basis. Our estimated annual cost for this is $15.3 million.

While our focus today is on behaviours, there's no doubt that care levels continue to increase, resulting in a need for an acuity adjustment to ensure that we maintain a level of professional and reliable support for the residents that we have in our homes. We are recommending a modest increase of 1.5% to the care envelopes—just to the care envelopes—which will cost approximately $27.8 million a year and allow us to not be going backwards.

Excluding specialized units, which I noted need further analysis for a proper costing, our recommendations require an increase of $135.8 million per year, or $4.77 per bed per day.

Once implemented, these recommendations will tackle the challenge of aggressive behaviours head-on. The stakes are high, too high to ignore any longer. We're dealing with a very vulnerable population. Residents in Ontario's long-term-care homes deserve to live out their lives with our respect and protection. Without a swift and effective solution, these residents will be increasingly at risk. We ask you to demonstrate to them and their families that we take seriously our collective responsibility to ensure their safety. Thank you very much.

**The Vice-Chair (Ms. Soo Wong):** Thank you very much. I think we have almost six—

*Interjection.*

**The Vice-Chair (Ms. Soo Wong):** Okay, eight to go. Lots of time to ask questions from the government side. So who starts?

**Mr. Steven Del Duca:** I'll start, Soo.

**The Vice-Chair (Ms. Soo Wong):** Mr. Del Duca.

**Mr. Steven Del Duca:** Thanks, Madam Chair.

Thank you very much for being here today and for making the trek to Kingston—actually, from my riding of Vaughan all the way out here, from Woodbridge to here, so that's fantastic.

I had a couple of questions. In looking at the presentation here and listening to what you said, you talk about the incidence of or the prevalence of moderately aggressive behaviour. Is it also severely aggressive behaviours? I'm just curious, in your research and from what you've seen, is there any kind of particular pattern to the geographic distribution of those kinds of behaviours? Do you see this to be more of a GTA issue? Is it more of an urban issue? Just out of curiosity, how does that break out—or is it pretty much that there's no clear pattern?

**Ms. Donna Rubin:** No, we didn't see any pattern in terms of geographic distribution.

**Mr. Steven Del Duca:** Okay. So the overall request for all of your recommendations, according to what you've said and what's here in the presentation, not including the one for which you don't have costing—the specialized units—is $135.8 million per year.When you take a look at the provincial budget generally speaking, or the Ministry of Health and Long-Term Care budget more specifically, do you have any thoughts, ideas or suggestions for potential offsets? It's not an insignificant ask in a pre-budget consultation, and I understand why. Not to be disrespectful of the ask—I'm just curious to know if you've given thought to monies that are currently allocated for these kinds of services, other areas of the ministry's budget where you think there might be an ability to provide that give-and-take so that the government, in these challenging fiscal times, could perhaps provide some support?

**Ms. Donna Rubin:** We've recommended, more in our submission last year, a very detailed and more complex collapsing of some of the envelopes that we currently have, as well as streamlining of supplemental funding pots so that monies could be redistributed. We think that there are some ways to redistribute funding to provide some of the types of increases, at least perhaps an acuity increase that's in here. We continually raise those issues with the bureaucracy to try and move those along.

**Mr. Steven Del Duca:** Okay, thank you.

**The Vice-Chair (Ms. Soo Wong):** Any more questions? Ms. Hunter?

**Ms. Mitzie Hunter:** Yes, of course. A very interesting presentation, and I look forward to reading the detailed notes that you've prepared and sent in to us.

I'm wondering about the training that you envision for staff that would assist in ensuring that there's safety in the homes for both residents as well as for the staff that are there?

**Ms. Donna Rubin:** We're looking at setting up a small team of people who are especially knowledgeable in the area of behaviours so that if there is somebody acting out, for example, in the home, they can be deployed to go in and meet with them and try to calm them down. They would have insight into different types of dementia. They would be able to, as I say, reduce the agitation, and then the other staff can also learn and take over once that person has been calmed down. These would be behaviour therapists and PSWs who just have more training in this area. As I say, it's about a small team of two or three people that we're looking for.

**Ms. Mitzie Hunter:** Okay. Do you see the need to have that type of training across the board for the staff who are working in the facilities now?

**Ms. Donna Rubin:** Yes. We do believe that staff could be better trained than they are right now. They, perhaps, wouldn't have the same level of expertise but they would get training on a more regular basis—annually is what we'd like to see. It's really quite a specialty, dealing with this population. We're seeing this more and more, and there's more that we're learning about cognition and Alzheimer disease, and I think that's what needs to be imparted with staff.

**Ms. Mitzie Hunter:** In terms of the current reality, are incidents being tracked in ensuring that there is a safety component for staff?

**Ms. Donna Rubin:** Sorry, I'm not sure I understood your question.

**Ms. Mitzie Hunter:** Are incidents being tracked?

**Ms. Donna Rubin:** Oh, absolutely. Every incident has to be reported to the Ministry of Health and Long-Term Care. We're very concerned about the level of violence, not just—obviously we identified the tragic incidents that resulted in deaths, but, on a regular basis, there's violence and aggression. It's part of the disease, unfortunately.

**Ms. Mitzie Hunter:** Thank you.

**The Vice-Chair (Ms. Soo Wong):** Any more questions? All right, thank you very much, Ms. Rubin, for your presentation.

**Ms. Donna Rubin:** Thank you.

**The Vice-Chair (Ms. Soo Wong):** That's it. All right, folks. I think we are done. Thank you very much to all the witnesses for being here today. I think we are on schedule. The meeting will adjourn, and we're back to Toronto. Thank you very much.

*The committee adjourned at 1429.*

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