F-16

ISSN 1180-4386

Legislative Assembly
of Ontario

First Session, 39th Parliament

Assemblée législative
de l'Ontario

Première session, 39e législature

Official Report of Debates (Hansard)

Tuesday 5 August 2008

Journal des débats (Hansard)

Mardi 5 août 2008

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Review of the Ontario health premium

Examen de la contribution-santé de l'Ontario

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
Greffier : William Short

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

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

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 5 August 2008

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mardi 5 août 2008

The committee met at 0922 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first order of business would have the subcommittee report read into the record. Mr. Arthurs.

Mr. Wayne Arthurs: Mr. Chairman, your subcommittee met on Wednesday, June 18, 2008, to consider the method of proceeding on the review of the Ontario health premium, in accordance with section 29.2 of the Income Tax Act, and recommends the following:

(1) That the committee hold public hearings in Toronto on August 5 and 6, 2008.

(2) That the committee hold public hearings in Windsor the morning of August 7, 2008, and in London the afternoon of August 7, 2008.

(3) That the committee clerk, in consultation with the Chair, post information regarding these hearings on the Ontario parliamentary channel and the Legislative Assembly's website.

(4) That the committee clerk, in consultation with the Chair, place an advertisement, no later than Friday, July 4, 2008, in a major newspaper of each of the cities in which the committee intends to meet.

(5) That the advertisement be placed in the Toronto French weekly L'Express.

(6) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 4 p.m. on Friday, July 25, 2008.

(7) That the committee clerk distribute to each of the three parties a list of all the potential witnesses who have requested to appear before the committee following the deadline for requests.

(8) That if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 5 p.m. on Monday, July 28, 2008.

(9) That, if all requests to appear can be scheduled in any location, the committee clerk can proceed to schedule all witnesses and no prioritized list will be required for that location.

(10) That the minimum number of requests to appear to warrant travel to a location be four.

(11) That all witnesses be offered 15 minutes for their presentation, and that witnesses be scheduled in 20-minute intervals to allow for questions from committee members if necessary.

(12) That in the event all witnesses cannot be scheduled, all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

(13) That the deadline for written submissions be 5 p.m. on Thursday, August 7, 2008.

(14) That the research officer provide a briefing paper to the committee members by Tuesday, July 29, 2008.

(15) That the research officer provide a summary of the presentations by Thursday, August 14, 2008.

(16) That the research officer provide a draft report to the committee members by Tuesday, August 19, 2008 at 12 noon.

(17) That, in order to facilitate the committee's work during report writing, proposed recommendations should be filed with the clerk of the committee by 12 noon on Wednesday, August 20, 2008.

(18) That the committee meet for the purpose of report writing on Thursday, August 21, 2008.

(19) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Mr. Chairman, that's your subcommittee report.

The Chair (Mr. Pat Hoy): Thank you. Any comments?

Mr. Tim Hudak: This is probably the appropriate time to ask my friend the parliamentary assistant from the Ministry of Finance—I just want to understand this as we begin and as we're debating the subcommittee proposal—what exactly is the scope of this review going to be and what efforts should we, as members on this side of the table, put into it?

I think we all know that Premier McGuinty has made some very clear comments that the health tax is here to stay. He said—and this is from the Toronto Star of March 19, 2008—when speaking about this committee's work, "I think the outcome is pretty predictable."

I think you'll remember, Chair, that during the election campaign in the fall of 2007, Premier McGuinty, I think, when referring to the health tax review, said that he needs the money and had no plan on changing the health tax.

Maybe I'll share this with members of the committee. The St. Catharines Standard, an excellent journal from the Niagara Peninsula, did an editorial entitled "Health Tax Review is a Pointless Exercise." Just to give a couple of quick quotes from it, they said in the editorial, "If a promise is made to do something, but there is no intention to act beyond keeping that initial promise, is it really a promise worth making?"

The article goes on to say, referencing this time of the review, "Many hoped this would mean the beginning of the end of the tax, that after five years the government's books would be balanced and the tax would be redundant....

"If there is no desire in the McGuinty government to scrap, or at least reduce, the controversial health premium, then why is the government wasting resources reviewing it?"

My last quote—and, as I said, I'll share this with members of the committee—"Despite the tax bolstering provincial coffers for more than four years now, the problems plaguing health care then plague health care today."

So that's just a bit of a preamble.

To the parliamentary assistant: What exactly is the scope of our review, and will we be contemplating eliminating the tax, or is this a pointless exercise, as the Standard suggests?

Mr. Wayne Arthurs: The legislation, under section 29.2 of the Income Tax Act, provides for a review starting, I believe, on or after June 30, 2008, and in effect, we are, through this committee process—and I defer to the Chair on this—going to hear from those who have made submissions to us in respect to the legislation and review that, and probably the opposition parties and ourselves will be considering those comments in the context of changes that one might want to contemplate in the context of the legislation. Regarding whether or not there will be changes, I guess we'll have to wait for the committee to complete its work.

Mr. Tim Hudak: I'll just be quick here in response. What's the bottom line? Is the fix in? Is it a fait accompli? Is this goose nice and cooked? Are we keeping the health tax? Is this kind of a waste of our time?

The Chair (Mr. Pat Hoy): The letter to the Clerk of Committees on a number of various committees that are sitting this summer, but in particular on this one today, for review of the Ontario health premium in accordance with section 29.2 of the Income Tax Act, to meet on the following days—and it was signed by Mr. Colle, chief government whip; Norm Miller, official opposition whip; and Gilles Bisson, third party whip. So my estimation is we're here for a review of the Ontario health premium in accordance with section 29.2 of the Income Tax Act.

Mr. Tim Hudak: The efforts we put into this, Chair, from myself, Mr. Barrett, Mr. Tabuns, on behalf of the opposition parties—we have other commitments to make. We oppose the imposition of the health tax, of course. We'll bring forward suggestions, but I want to know that they'll have their day in court. If Premier McGuinty has already made up his mind, before we even hear from the first delegation today, that the health tax is here to stay, that there will be no changes to the health tax, I wonder what the purpose is and why we're wasting people's time.

I'll also point out that the committee is meeting the day after the civic holiday, in the dead of summer, which I think indicates the low turnout we've had, because this sort of has slipped under the radar, so to speak, in the midst of the dog days of summer, if these are the dog days of summer.

My last question to the parliamentary assistant: Is the government contemplating eliminating the health tax or significant changes to it?

Mr. Wayne Arthurs: Again, I can only respond that the committee has its instructions from both the legislation and the Legislature in the context of the work we're doing as a committee, and until such time as we hear both from the witnesses who want to present to us and the opportunities to bring forward recommendations, I think it would be pre-emptive of us to come to any conclusions—at least it will be for me.

Mr. Tim Hudak: I've made my point, Chair.

The Chair (Mr. Pat Hoy): I think perhaps you did.

With that being said, all in favour of the report? Carried.

0930

REVIEW OF THE ONTARIO HEALTH PREMIUM

CITY OF LONDON

The Chair (Mr. Pat Hoy): Now we have on the line, by teleconference—there's been a change, committee members. We have the mayor of London on the line. Can we link with her now?

Ms. Anne Marie DeCicco-Best: I'm on the phone.

The Chair (Mr. Pat Hoy): There we are. Just as a preamble, Mayor, you have up to 15 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard, and you can begin.

Ms. Anne Marie DeCicco-Best: Thank you very much. My name is Anne Marie DeCicco-Best and I am the mayor of London, Ontario. I'm happy to be able to present to your committee this morning. I appreciate the comments that were just made in the preamble because I am hoping that the government and all parties have an open mind to presentations such as those on London for changes that we see are very important to this issue.

Our introduction is as follows: At our 2008 pre-budget submission to this committee in January, we asked for the adoption of legislation to clarify that the Ontario health premium was intended to be a tax on the individual. This request was also part of our earlier pre-budget submissions following the introduction of the

OHP. Again today, we want to re-emphasize these points in the hope of a legislative solution that would save property taxpayers in London and elsewhere millions of dollars annually.

The new employee health premium that took effect in July 2004 was clearly intended by your government to be a tax on the individual. This was confirmed in discussions between our London civic administration and ministry staff on the day the budget was introduced. In May 2004, the Minister of Finance was also advised by AMO that, "As employers, municipalities will also be looking to the ministry for clarification on the proposed Ontario health premium. It will be important that amendments to the Income Tax Act make it very clear that this new source of health care funding is not related to Ontario health insurance plan measures eliminated in 1990, and that the new measure is an income tax which is not connected in any way to the notion of health insurance. The intention of the new measure seems clear. We need to ensure that it does not inadvertently become a cost for Ontario's municipalities."

The Minister of Finance confirmed this view on June 24, 2004, advising the Legislature in response to a question that this premium, the OHP, "is not a premium as contemplated by those collective agreements. The critical difference ... is this: Failure to pay the premium is a violation of the Income Tax Act, and the penalties arise accordingly. But it does not disqualify any individual in this province from the health care services that we provide through the Ministry of Health and other agencies. So to that extent, it doesn't have that classic definition of a premium and is not covered by those collective agreements."

Notwithstanding the intent, the Ontario health premium has led to costly arbitrations and judicial reviews. The awards are largely dependent on interpretation of dated wording found in collective agreements, which did not envision employers paying employee income tax requirements. Of the over 90 arbitration awards which have been issued on whether employers or employees are responsible for the payments of the OHP, 18 have resulted in the employer paying the OHP for its employees, while essentially the same language has been reviewed by a large majority of arbitrators that have reached an opposite result.

Three of these 18 awards have had a direct impact on taxpayers in the city of London, involving the Canadian Union of Public Employees (CUPE) Locals 101 and 107, and the Amalgamated Transit Union (ATU) Local 741. The approximate annual cost to the city of London is over $800,000 and this amount will only grow in the future. We are currently awaiting the outcome of the arbitration process on the same issue involving the London Professional Fire Fighters Association, which could result in an additional $200,000 to $300,000 in annual costs to the city of London.

While OHP revenues have clearly been intended to fund various Ontario health care initiatives, payment of the OHP is not a precondition of public health insurance coverage. As such, the OHP is simply a new income tax applicable to all Ontario residents, and is not related to health insurance coverage. This is a far different situation than one in which payment of OHIP premiums was a condition of coverage for insured health services provided by OHIP. Furthermore, individually paid OHIP premiums were long ago replaced with an employer payroll tax through the Employer Health Tax Act.

I urge members of this committee to consider the July 28, 2008, joint written submission of the Canadian Urban Transit Association, CUTA, and the Ontario Public Transit Association, which shares these concerns and reviews the arbitration and legislative history in more detail.

Whatever the details, there have clearly been unintended consequences to local property taxpayers, and we are asking this morning that you recommend a legislated remedy—that the province adopt legislation to clearly state that the Ontario health premium is an employee responsibility and not the responsibility of employers.

The Chair (Mr. Pat Hoy): Mayor, does that conclude all of your remarks this morning?

Ms. Anne Marie DeCicco-Best: It does. Thank you.

The Chair (Mr. Pat Hoy): Thank you very much. The first round of questioning will go to the official opposition.

Mr. Tim Hudak: Your Worship, thank you. It's good to hear from you. Thank you for joining the committee's consultations this morning.

I appreciate the focus of your presentation around whether the so-called health tax can be passed on to the employer under collective bargaining agreements. I apologize: Will we be getting a written copy of the remarks as well?

The Chair (Mr. Pat Hoy): Yes, we have written—

Mr. Tim Hudak: Terrific.

Your Worship, you said that the impact on the city of London currently is $800,000 annually?

Ms. Anne Marie DeCicco-Best: Yes—that we know of so far with those unions that have challenged it in arbitration.

Mr. Tim Hudak: Does that include the firefighters?

Ms. Anne Marie DeCicco-Best: No.

Mr. Tim Hudak: So that could be in addition.

Ms. Anne Marie DeCicco-Best: That will be somewhere between an additional $200,000 and $300,000 annually.

Mr. Tim Hudak: You're absolutely right: When this issue first came to the attention of the Legislative Assembly, there were a number of questions during question period, and you mentioned a couple of the answers that were received from the Minister of Finance at the time, as well as a letter to AMO. In fact, I think promises were made at that time that the health tax would be changed to ensure that these costs could not be passed on to the employer. Effectively, taxpayers in London are paying this premium twice: They pay it through their income taxes, and now they pay it in their property taxes to the municipality.

Have you had any additional responses recently? You mentioned the larger urban submission as well on this issue.

Ms. Anne Marie DeCicco-Best: I hope that you will get a copy of that; if not, we'll make it available to you. We did send it to the clerk of the standing committee because it is a very detailed three-and-a-half-page document that speaks very clearly to what happens with the arbitrated settlements, in particular what we have found with our transit unions.

I suspect that as more and more of these go forward with other union groups, bargaining groups within the city of London and frankly other municipalities, you're going to continue to hear that it is a burden on the tax base that was never contemplated. It certainly wasn't the way it was expressed to us that it should work, but clearly the outcome is such that it is working the way it's not supposed to work, in terms of the burden on us.

Mr. Tim Hudak: Have you had any recent responses from area MPPs or other government officials on eliminating this new burden on property taxpayers?

Ms. Anne Marie DeCicco-Best: We blazed the trail on the issue, and we have not yet heard back that there are going to be any changes.

Mr. Tim Hudak: I think my colleague Mr. Barrett may have some questions.

Mr. Toby Barrett: Thank you, Mayor. We did attend London last winter, and we appreciated the deputation at that time from the city of London. We heard of some of the concerns within the city—not only the municipality but the area economy. As we review this so-called health tax—and we are cognizant that during the 2003 election the people of Ontario did not vote for this tax either to be administered on income or, as you have pointed out, to be administered on property, and you've made it very clear that there have been some unintended consequences to local property taxpayers. We are also very concerned about the intended consequences, with respect to drawing down on people's income.

We're very concerned that we're doing a review right now which may well be redundant. In March, the Premier himself indicated, "We're mandated by law to review that health tax, and we will do that." I think the outcome is pretty predictable. So we're not holding out much hope to be able to eliminate the so-called health tax, but the point that you have made, I think, is something—I know our parliamentary assistant has indicated that we have an opportunity to bring forward recommendations. We hope to bring forward some material to alleviate some of the concerns that you have indicated.

0940

I guess my broader question: People in the city of London are now paying a health tax probably in the order of an additional $900 a year. We have other taxes that have come up, in spite of what we heard during the election. There have been three separate tax increases on tobacco; we now have a tax on electronics; there was a tire tax. There are musings on a so-called carbon tax. Do you have any comments just in the broader picture with respect to the impact of these increases in taxation on the people in London?

Ms. Anne Marie DeCicco-Best: I can't speak to all the other taxes that you have raised, but clearly on this one we have been raising the red flag from the moment it came out to be sure that once it became legislation, it was not going to have an increased burden on our taxpayers, and of course it has. While we continue to make these submissions, I'm hopeful that the government will listen.

It's a very simple thing that we are looking for. We need to have the clarification very clearly in the legislation that the responsibility is for the employee, not the employer. I fully suspect that this Ontario health premium will be here to stay for some period of time. I don't know that we're going to change that. But clearly what has to change is who is responsible to pay for it; otherwise, it will continue to increase the cost to our taxpayers at a time when we are doing everything possible to reduce taxes so that we can remain competitive and keep jobs within our region, which has been hard hit.

Mr. Toby Barrett: Thank you very much, Mayor.

The Chair (Mr. Pat Hoy): Thank you very much for the presentation, Mayor.

Ms. Anne Marie DeCicco-Best: Thanks very much.

MARY LOU AMBROGIO

The Chair (Mr. Pat Hoy): That concludes that presentation. We'll now see if we can link with our next presenter, Mary Lou Ambrogio. Mary Lou, you can hear us?

Ms. Mary Lou Ambrogio: Yes, I can hear you, thank you.

The Chair (Mr. Pat Hoy): Excellent. You have 15 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard, and then you can begin.

Ms. Mary Lou Ambrogio: Okay. Thank you.

My name is Mary Lou Ambrogio. I am just a person—not a business person, not a wealthy person, just a regular working person. I'm a widow with two school-aged children. I'm also a co-founder of an advocacy group called the Forest City Institute. At the Forest City Institute, we're concerned about overtaxation and overspending, and we attempt to hold our municipal government accountable for decisions they pursue that may adversely affect taxpayers, but we're cognizant of the fact that this kind of thing happens at all levels of government. So I'm here both as a spokesperson for the Forest City Institute and for myself, and I thank the committee for this opportunity to speak.

Let me start by saying that no discussion about this health tax can begin without noting the fact that this tax began with a broken promise and will continue to exist only by breaking with the spirit of an obligation. That obligation was that the tax would be reviewed and results of the review presented to the assembly no later than December 31, 2008. Presumably, if the results of the

review were negative, it could result in the elimination of this tax. However, Dalton McGuinty has already explicitly stated that regardless of the outcome of this review, the tax will not be eliminated. Unfortunately, this may be one promise he intends to keep.

It's significant that some people who were asked to come to this hearing to express their concerns about the health tax made the observation that since McGuinty has explicitly stated that the tax will not be eliminated, there was no point in speaking. Think about that for a moment. Now that he has been given another four years of majority rule by his voting base, which is largely comprised of individuals who have a vested interest in supporting Mr. McGuinty's style of big government and extreme revenue-raising at the expense of taxpayers, he doesn't even pretend to be concerned about what is in the best interests of Ontarians. Unfortunately, the cynicism that some people feel is not unwarranted, but we must resist the temptation to give up, and we must insist that our voices be heard regardless. It was once said that the condition upon which God hath given liberty to man is eternal vigilance. While it's exhausting and frustrating at times, we must not cease to be vigilant and we must speak up for what we know is right and good.

When a politician breaks a promise, as odious as this notion is, one would at least hope that the outcome of the change of direction is for the good. In this case, given that the revenue from this tax is not going directly to health care, but rather into general revenues, we couldn't even count on a vastly improved health care system in exchange for this broken promise. You'd have to go back to the 2004-05 budget to see the list of programs that received funding from the health tax, and to see that many were not strictly related to health care. As a result of this embarrassing revelation, the government no longer lists the programs that are directly funded by the health tax. I suppose that's one way to deal with lack of accountability—to simply hide the information that could be used to make a proper and fair assessment.

Given that this avenue is closed, let's look for some kind of evidence of a vastly improved health care system that we can observe in order to determine whether this extra revenue is doing what they told us it would do.

We're still dealing with doctor shortages, and nurses are in short supply. We still have overcrowded emergency rooms. Our long-term-care homes are still short of beds, which in turn has an effect on the availability of acute care beds in our hospitals. Our long-term-care homes are still understaffed, leading to one of the most outrageous statements from a health minister in recent memory, wherein George Smitherman said he would wear an incontinence product in order to determine whether or not the 75% capacity guideline currently in place is reasonable. Despite election promises of committing to a revolution in long-term care, all we've seen is the maintenance of an already unacceptable status quo. We also still have people travelling across the border and paying for non-emergency and diagnostic imaging so that they can have these important procedures done in a timely manner. In recent news, we've heard about a C. difficile outbreak in our hospitals that has killed at least 260 Ontarians. Actually, due to the government's refusal to call an inquiry, we don't even know the full extent of the problem or how many deaths there have been due to this outbreak. Otherwise healthy people going into hospital for elective surgery are dying.

This doesn't sound like we're seeing improvements in health care. When you consider that the government currently spends 46 cents of every program dollar on health, one can be forgiven for asking, where is the value for hard-working Ontarians' money?

Mr. McGuinty's refusal to cut taxes in the face of economic uncertainty in order to help our struggling economy is by now well known. In April 2008, he said that if he were to cut taxes, he would have less money for education and health care. But, as noted, we have no verifiable proof that the money is being spent on health care in the first place.

We certainly know that spending has increased dramatically. In the last full year of the PC government, spending was $68.5 billion. Under this Liberal government, total spending has skyrocketed to $93.4 billion, which is a 24% increase in just four years, but whether that money is being spent in the ways Mr. McGuinty suggests is a little less clear. In looking at outcomes and improvements in health care since this tax was instituted, we'd have to give it a failing grade.

Let's move on to intake, then, and where this money is coming from. Let's talk about who's paying this tax. It is, in fact, the middle class that is hit the hardest by this tax, since it is a regressive tax. We already have working families and seniors who are having trouble making ends meet. This tax only adds to those problems. A person with a taxable income of $25,000 has to pay 1.2% of their income for the health tax; a person earning $72,000 pays just over 1%; a person earning $200,000 pays 0.45%; and a person with a $1-million income pays only 0.09%. On an income of $25,000 per year, $300 is a significant chunk of disposable income gone. This is money that is no longer available to help pay for groceries, clothing and trips to the dentist. Quite simply, this is money that families need to survive.

Despite unexpected revenues of $5.1 billion last year, Dalton McGuinty continues to claim that he needs every penny of this unfair Ontario health premium. But the issue of how this money is actually being spent and whether or not it really is resulting in better health care is extremely relevant. If people are struggling to survive in order to pay for this Liberal government's irresponsible and unproductive spending ways and our health care has not improved, there is no justification for keeping this tax in place.

Mr. McGuinty has forgotten that government is there to serve the people and not the other way around. As such, he must honour the obligation to consider eliminating this tax if the results of the review are not favourable. Thank you.

0950

The Chair (Mr. Pat Hoy): Thank you. Does that conclude your remarks?

Ms. Mary Lou Ambrogio: It does.

The Chair (Mr. Pat Hoy): Thank you very much.

Now we will move to the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Ms. Ambrogio. You were very clear in your presentation, and I have no questions.

Ms. Mary Lou Ambrogio: Thank you.

The Chair (Mr. Pat Hoy): Thank you for this morning's presentation.

Mr. Tim Hudak: Chair, it might be of help to particularly the folks who are on the phone to explain that we're going on a rotational basis, so each party has the sole five minutes of questioning for the particular delegate. Mr. Tabuns had no questions for Mary Lou; others may very well have. I just think it's important to make it clear to delegations not here in person particularly.

The Chair (Mr. Pat Hoy): Very good. Then, the rotation would end there and there will be no further questioning, just for your benefit, Mary Lou. Thank you for your presentation before the committee.

Ms. Mary Lou Ambrogio: Thank you. Goodbye.

CANADIAN TAXPAYERS FEDERATION

The Chair (Mr. Pat Hoy): Now I would call on the Canadian Taxpayers Federation to come forward, please. There is a written presentation with this as well for the members to follow if they wish.

You have 15 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard, and you can begin.

Mr. Kevin Gaudet: Good morning, ladies and gentlemen of the committee. My name is Kevin Gaudet. I'm the Ontario director of the Canadian Taxpayers Federation.

We are a national, non-partisan, not-for-profit organization with 68,000 supporters, 20% of whom live in Ontario. Our mandate is to advocate for lower taxes, less waste and more accountable government. Not surprisingly, the CTF mandate has importantly driven our longstanding opposition to the health tax.

The health tax represents a key broken promise by this government and it should be eliminated. With the Ontario economy close to a recession, broad-based tax relief for individuals, families and businesses would help spur spending and a return to healthy growth in the economy. This tax relief should begin with the elimination of the health tax.

In its press release announcing this tax, the government touted two other provinces as examples to follow: It touted the BC example and the Alberta example. If this committee wishes to follow the example of those two provinces, it may wish to look to Alberta, which has already begun with the elimination of its tax. They axed the tax in their last budget, which means that Ontario is the only remaining province, with British Columbia, that has such a tax.

A review of the Ontario health tax requires a brief look at the history of its creation, one in which the Canadian Taxpayers Federation has played a large and continuing role.

During the 2003 election, on September 11, 2003, then-Liberal leader Dalton McGuinty signed the taxpayer protection pledge promising not to raise taxes absent a referendum. The pledge stated, as I remind you, "I, Dalton McGuinty, leader of the Liberal Party of Ontario, promise, if my party is elected as the next government, that I will not raise taxes or implement any new taxes without the explicit consent of Ontario voters and will not run deficits. I promise to abide by the Taxpayer Protection and Balanced Budget Act."

However, in his first budget in March 2004, Premier McGuinty broke this promise, violating the taxpayer protection pledge by imposing the new health tax, the single largest tax hike in the history of the province of Ontario.

Mr. McGuinty would have Ontarians believe that the tax was necessary to balance the budget, claiming he didn't know about the size of the deficit. This simply cannot be true. For two months prior to making this promise, Liberal MPPs were stating publicly that the deficit was $5 billion. At committee, Liberal MPP Monte Kwinter and finance critic Gerry Phillips argued in June 2003 and again in August 2003 that the deficit was $5 billion. On September 22, 2003, only 11 days after Mr. McGuinty promised not to raise taxes, the Fraser Institute issued a fiscal report about Ontario declaring that the deficit was actually $4.5 billion. An Internet search today reveals that many stories were carried about the deficit size then, including on CBC Ontario and Canada NewsWire and in the Hamilton Spectator, to name only a few sources.

In light of these facts, it's virtually impossible that Mr. McGuinty and his party were unaware of the size of the deficit when they signed the pledge.

Taxpayers were understandably upset about this broken promise and the new tax. Thousands e-mailed and telephoned their MPP's office, radio stations and the CTF office in Toronto. In two short months, over 200,000 taxpayers signed the CTF petition asking Premier McGuinty not to raise taxes or run deficits. I challenge the committee to try to come up with another example of a time in Ontario when 200,000 people signed a petition. Hundreds rallied at Queen's Park, and the CTF launched a lawsuit in an effort to get the government to keep the promise that it had made.

Despite its re-election, the Liberal government should not view this as a vindication of the broken promise. On the contrary, 56% of Ontario voters voted for a political party that promised, in part or in totality, to eliminate or reduce the health tax, and only a minority of 44% voted for the status quo.

Regarding the naming of the tax, the so-called health care premium is intentionally misnamed as a "premium" in an effort to fool Ontarians into believing they're paying for health care. There is no doubt that this tax would have been eliminated had it been named differently: perhaps the "bureaucrat salary enhancement tax." Health care premiums pay for health care no more and no less than do the business tax, the insurance tax, the gas tax, the hotel tax, the electronics tax or your new paint tax, for example. By calling the tax a "premium," the government tries to equate the health premium with an insurance premium like Ontarians pay for car or home insurance. If this were accurate, the level of premiums would fluctuate up and down depending on how much one used. They do not.

Dr. James Smythe, assistant professor of economics at the University of Alberta, commented on the Alberta health care premium and how it was not dedicated to or used for health care. He stated that the health care premiums "look and sound like a dedicated tax.... But ultimately the money that you pay for the Alberta health care premiums actually just goes into the general pool of government revenue. It doesn't go to the department of health specifically. So although it looks like a specific tax, it's not really."

The same is true here in Ontario. This tax has nothing to do with health care and everything to do with a revenue grab.

Health care spending in Ontario has grown at a fairly constant rate, before and after the imposition of the tax, just as it did in Alberta. The tax revenue goes to general revenue and allows this government to fund its pet projects, like corporate welfare subsidies or slush funds, for example. The tax merely serves as a crutch for the government's spending problem.

The government's program spending has grown out of control. Every year for five years this government has spent at more than twice the combined rate of inflation and population growth, which we discussed when I presented to the committee in London during your pre-budget submissions. It has grown the public sector as fast as the private sector has grown, having created one new government job for every private sector job created.

To date, the new health tax has taken out of the economy a combined $12.2 billion out of the pockets of families, businesses and individuals in Ontario. The tax revenue has grown from $1.7 billion in 2004-05 to a projected $2.8 billion in 2008-09. That's a 65% increase in the tax revenue from the health tax in only five years.

The Fraser Institute's 2008 tax freedom day report shows that Ontario families and unattached individuals pay the second-highest total tax rate of all Canadian provinces at 44.2%, just behind only Quebec at 45.6%.

Broad-based tax relief like the elimination of the health tax would provide tax relief to the most people in the fairest manner. This is in contrast to boutique tax cuts targeted to certain interest groups which are expensive to administer, complicated for all to understand, and are often used more for media and partisan benefit than real economic benefit. An example of this would be the bicycle helmet PST exemption.

Finally, and importantly, Ontario supporters of the Canadian Taxpayers Federation overwhelmingly support the need for broad-based personal tax relief, with 54% making it their first choice, ahead of debt reduction, which came in second at 29%. Only 3% of the CTF supporters chose increased spending as their first priority.

In conclusion, at a time when the economy desperately needs a boost, the health tax should be eliminated.

That concludes my presentation.

1000

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Mr. Gaudet, I appreciate your presentation this morning. Just a couple of questions, if I could. You made reference to—and I won't give the details; I stand to be corrected on it even if I tried. The other two parties, during the course of the most recent referendum on government, had strategies to reduce or eliminate the health tax. I'm going to assume that your preferred course of action would be to see it eliminated in its entirety immediately.

Mr. Kevin Gaudet: No. During the pre-budget submission that I made, Mr. Arthurs, in London in the spring, the Canadian Taxpayers Federation made a submission recommending that the government freeze spending for two years, and that, given the fiscal state of the economy and the magnitude of the health tax, it would require a two-year spending freeze in government spending and a correlative elimination of programs like the corporate welfare programs. I outlined five in our submission at the time.

Did that answer your question, sir?

Mr. Wayne Arthurs: No, no—in the context of the health tax.

Mr. Kevin Gaudet: Yes. In order to eliminate the health tax, it would have to be eliminated over two years, sir.

Mr. Wayne Arthurs: You would want to see it eliminated over two years, not immediately, if that were the case?

Mr. Kevin Gaudet: Yes, correct.

Mr. Wayne Arthurs: Given the other options that were presented during the course of the election campaign—a gradual phase-out with an undefined time frame, as I understand, at least from the press releases, and/or the increase of the tax; I think the third party was increasing the tax for higher income earners and raising the threshold for lower income earners—what's your sense of those two options, then?

Mr. Kevin Gaudet: You're not asking me how I voted, sir, are you?

Mr. Wayne Arthurs: No, not at all.

Mr. Kevin Gaudet: Of those options, I'm not a fan of any of those options, specifically. I'm a fan of the CTF position, which is an elimination of the health tax over

two years, a freezing of government spending and the elimination of corporate welfare, sir.

Mr. Wayne Arthurs: So on the health tax that we're dealing with today, your submission is that it should be eliminated over a two-year period.

Mr. Kevin Gaudet: I believe there's fiscal room in the budget in order to do that. Unfortunately, this government has a propensity to increase spending at an alarming rate to twice the rate of inflation and population growth, a target which Paul Martin had established and seems to be a reasonable target. This government's spending has broken that by double in each of its last five budget years. It drains money from the economy in an inefficient manner. As a result of that, the tax couldn't be eliminated in one year without probably undue pressure on the budget.

Mr. Wayne Arthurs: Over two years, then?

Mr. Kevin Gaudet: Yes, sir.

Mr. Wayne Arthurs: Thank you.

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

Mr. Kevin Gaudet: Thank you.

ROB CHESHIRE

The Chair (Mr. Pat Hoy): Now we'll return to teleconferencing. Do we have Rob Cheshire on the line? Rob, can you hear me?

We'll recess for five minutes.

The committee recessed from 1005 to 1006.

The Chair (Mr. Pat Hoy): The committee will now resume. It's my understanding that we have Rob Cheshire on the line. Can you hear me, Rob?

Mr. Rob Cheshire: Yes, sir, I can. Good morning, Chairman and committee members.

The Chair (Mr. Pat Hoy): Rob, you have 15 minutes for your presentation. There may be up to five minutes of questioning following that. I would simply ask you to identify yourself for the purposes of our recording Hansard, and you can begin.

Mr. Rob Cheshire: I'm Rob Cheshire. I reside in Windsor, Ontario, in the county of Essex. Thank you for allowing me to address the committee with my concerns. I'll be short. I only have five points. Can everybody hear me okay? Hello?

The Chair (Mr. Pat Hoy): Yes, we can hear you. Go ahead.

Mr. Rob Cheshire: Okay. Point one: The health care premium, Bill 106, was supposed to be a cure-all to the fiscal pitfalls within the province as procedures, instruments and costs continued to increase.

Little or no effect or benefit within health care: The wait times at emergency rooms here in Windsor have not decreased as MPPs and the health care minister said. There have been several incidents of local ambulances within Windsor being held up at hospitals because their patients were not ready to be received, admitted, or released from their care. Had there been another emergency within the Windsor area, no ambulances were available, because they were waiting at hospitals for their patients to be admitted or released.

Point two: Increasingly addictive street drugs such as crack cocaine, meth and ecstasy, with the standard 21-day programs funded by the province, have not increased but stayed the standard course of mediocrity. The criminal elements that produce these substances are very inventive in creating extremely hard-to-kick street drugs. The province needs to respond with a fully funded extended treatment period. The 21-day periods are nothing short of a joke, and the funding to harm-reduction modalities is a defeatist and careless attitude that enables the addict to basically harm themselves and the community at large. The best outcomes for treatment and addiction are longer stays in a residential treatment facility.

Point three: The issue of underserviced and overserviced areas is of concern when surgeons pass the age of 70, are no longer able to perform surgeries, and are allowed to hold their OHIP numbers, therefore giving a false surgical availability status for that given area, which appears to be the case here in Windsor.

Point four: The issue of the present and past health ministers not declaring minimum standards for the elderly in rest homes and assisted living facilities is an abomination, in my opinion. If we legislate minimum standards for the care of children and revoke custody from parents when those minimum standards are not met, how then can we not legislate a minimum, which of course will be the maximum, to for-profit institutions that care for the aged and elderly who have little or no voice to their caregivers?

Point five: The downloading or delisting of physiotherapy and eye exams to individuals has made the health care tax a double tax and has increased the burden to moderate- and low-income families, increasing the disparity of the haves and have-nots and destroying what we call universal health care.

That would conclude my presentation.

The Chair (Mr. Pat Hoy): Thank you very much for having that before the committee. We'll move to the official opposition for questioning. Mr. Hudak.

Mr. Tim Hudak: Rob, thank you very much for taking the time to call in to the committee today and being available even before the 10:20 time slot. Your points are all connected and make an important statement about this so-called health tax. Mr. Barrett and I are using the term "so-called" health tax because, as I think you know, it simply flows into the general revenue fund. It's a health tax by name only.

The previous presenter, Mr. Gaudet from the Canadian Taxpayers Federation, pointed out it was a way to sugar-coat a massive tax hike on middle-class families and seniors by calling it a health tax when in fact it's simply an income tax. It goes into the same general fund that tobacco taxes or sales taxes or your income taxes go.

Were you aware that it didn't go into health care specifically?

Mr. Rob Cheshire: No, I was not, but I haven't noticed any performance increase with wait times or,

with myself having several surgeries within the last couple of years, I have not noticed any benefit to the health care tax.

Mr. Tim Hudak: How do you think yourself and folks in Windsor would react if they found out that the so-called health tax just goes into the big pool of revenue in the general revenue fund?

Mr. Rob Cheshire: I think we would feel like we've been scammed, and I think the province should.

Mr. Tim Hudak: You mentioned a number of specific items around health care in Windsor and the surrounding area. You mentioned specifically that ER waits have not changed; there have been ambulance delays. What has been the experience of patients in Windsor who are trying to get into their local hospital?

Mr. Rob Cheshire: The waits are up to six hours.

Mr. Tim Hudak: Six hours for emergency rooms?

Mr. Rob Cheshire: Yes. We had Sandra Pupatello, the local MPP, tell us last fall that wait times were down etc. Then, just a few days later, it came out on the front page of the paper that this was not the first time that ambulances were tied up at the hospitals and we didn't have one ambulance available in the city of Windsor. That is a serious concern.

Mr. Tim Hudak: I'm sorry, not a single ambulance was available in Windsor to take patients to the ER?

Mr. Rob Cheshire: No, because they were all tied up at hospitals.

Mr. Tim Hudak: You spoke also, Rob, about street drugs, and you have some specific concerns about—I apologize for my ignorance on this topic. You said something called a 21-day program?

Mr. Rob Cheshire: That's all that the province is funding right now, and it has remained the standard since the late 1990s. It's not enough. We have people who want out of this lifestyle, and they are not able to gain access to proper treatment because the funding is not there; we don't have the funding in the hospitals for withdrawal management. I know people who work there—I do volunteer work as a substance abuse counsellor—and it is not enough.

Recently, the province declared millions of dollars to a harm-reduction modality which basically provides drugs and a way to use them in what they call a "safer means." That is not a fix to the problem. Longer treatment periods—we know this from behavioural scientists—present the best model.

Mr. Tim Hudak: We have just under a minute left, Rob, on the presentation. Again, I thank you for taking the time to call and for your excellent points.

My last question gets around to your point five, which was the simultaneous delisting of physiotherapy, chiropractic care and optometry services at the same time that families in Ontario were whacked with this so-called health tax of up to $900 per individual. What has been the impact of the delisting of those types of services?

Mr. Rob Cheshire: The lower income—it puts them in a place where they wind up getting taxed two and three times. I know some people down here who have stated their cases: The government that did this, they will never, ever vote for them again.

Mr. Tim Hudak: Thank you very much, Rob; I appreciate it.

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

Mr. Rob Cheshire: Thank you.

ANDREW DOWIE

The Chair (Mr. Pat Hoy): For the committee's information, the 10:40 has cancelled. It's my understanding that our 11 o'clock presentation, Andrew Dowie, is on the line. Can you hear me, Andrew? Hello?

Mr. Andrew Dowie: Hello. Good morning, members of provincial Parliament and Queen's Park staff. My name is Andrew Dowie. I'm from—

The Chair (Mr. Pat Hoy): Andrew, let me give you some introductory remarks before you begin.

You have 15 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself once again for our recording Hansard, and then you can begin.

Mr. Andrew Dowie: Thank you very much. My name is Andrew Dowie. I am a resident of Tecumseh, Ontario, just east of Windsor. I'd like to say good morning to all of the members of provincial Parliament and Queen's Park staff. Thank you very much for providing me with the opportunity to speak with you today.

First off, I'd like to express my congratulations to each and every one of you for winning the confidence of your constituents to represent them at the Ontario Legislature. I certainly commend all of you for the hard work that you put in, your attentiveness to constituents and community issues, and for providing the policy leadership to guide Ontario's future in spite of the major challenges we face and the competing interests that you must satisfy.

I'm here today to express my concern with the existing Ontario health premium, which you are reviewing today. I am aware of the comments made by the Premier that this surtax will continue regardless of the outcome of these committee proceedings. This is a disappointing fact that I hope will be reconsidered. One thing I found from the various boards that I sit on is that governing includes prioritizing, and that's a painful exercise that I know you've all gone through during the budget process. I'm certain that the imposition of this health tax was an agonizing decision in light of the express promise to the electorate that such a matter would be put to a referendum. Such a referendum could have been coordinated with the projected federal election of 2004 and would have allowed the government to comply with its promise.

However, my principal concerns with respect to this health tax are structural. Health care spending is increasing at a significant rate. As the population ages, we will require further significant investment in health care services. For the protection of young Ontarians such as myself, we need to make decisions now regarding the spending priorities of the government. We cannot just simply raise taxes on individuals to prepare for this even-

tuality, especially one that is regressive and punitive to those at the low end of the income bracket.

My understanding is that a person with a taxable income of $25,000 has to pay 1.2% of their income for the health tax, whereas a person earning $72,000 pays just over 1%, a person earning $200,000 pays 0.45%, and a person with a $1-million income pays only 0.09%. This is basically penalizing lower-income Ontarians.

This health tax remains unnecessary. The government is about privatizing, and as a result, I for one have not seen significant enhancements to the health care system, at least in my neighbourhood. I've been to the hospital on two occasions since the introduction of the health tax; I've not seen service delivery increases. In fact, I read about infrastructure projects that are funded by this health tax, such as water main and sewer work.

Living near Windsor, we are bombarded with MRI advertisements from Detroit. When I lived in Ottawa when I was going to school, it was the same thing from the Quebec side. This is an industry that seems to be prospering from Canadian patients. Right now as it stands, this health tax has been used to purchase private MRI clinics, to effectively not enhance the delivery of the service, but rather put them out of public ownership.

From my perspective, it does not matter who delivers the service. What matters is that I receive the service, and I don't believe that the health tax, as currently used, is being used to that extent.

Currently, the government is spending 46 cents of every program dollar on health care, and as I mentioned before, that's only going to skyrocket. This is not good value for money as it stands right now. What will happen when demand starts to increase as our baby boomers start to retire and we need more and more health care services? Will a further health care premium or surcharge be introduced, and who will that be introduced onto? Will it be onto young people such as myself?

My understanding is that the health tax has raked in about $2.6 billion in 2007. That's quite a lot of money, quite an increase to the provincial Treasurer. However, the Auditor General's statements have said that we have found waste and neglect in other areas. Therefore, as I look at the provincial budget right now, the revenues from the provincial government are at $96.9 billion, which is about, from my calculations, a 41% increase from 2003. When will it stop? I'm very worried. Revenues are at an all-time high, taxes are certainly going up there, and this health tax is but one area; property taxes to the old provincial services are another.

I feel the provincial government's imposition of this health tax has led to a structure of taxation and of service delivery that will penalize young people for generations to come, in which we will not have a quality of life to the same extent as the current generation has.

This is a short presentation. I conclude my remarks, and I thank you very much for your time and your attention.

The Chair (Mr. Pat Hoy): Thank you for your presentation. The questioning will go to the NDP and Mr. Tabuns.

Mr. Peter Tabuns: Thanks for taking the time to address us this morning. You've been pretty comprehensive in your remarks, so I have only one question. Regarding your experience with the health care system in the Windsor area, have other people you've talked to had exactly that experience as well, and that is, a lack of facilities when you need them, a lack of assistance when you need it?

Mr. Andrew Dowie: That's just it. I can't think of a single person I know who has not had very significant wait times. In fact, I recall I was watching, I think, the Michael Moore movie Sicko, and I was shocked when the person from London, Ontario, spoke and mentioned, "I can get health care in 20 minutes at this hospital." I recall my last hospital stay was the better part of nine hours, waiting to be treated. Of course, my illness was not an emergency matter, but still, it seemed to be an excessive amount of time. For those I know who have contracted cancer or other kinds of diseases, it's agonizing waiting for the test results to come back, and with the additional amount of money that's being put into the system, I can't think of anyone who has realized a significant improvement in the delivery of health care.

In fact, I would say to the members of provincial Parliament that there's a real structural issue here, that money is not solving the problem, and this health tax compounds the other issues that would come about; that putting this regressive taxation on young people will make it more difficult for us to provide for our families in the years ahead.

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

Committee, we will recess until 11:10.

The committee recessed from 1023 to 1116.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. My understanding is that they're linking with the next presentation as we speak. But I do understand that there's a motion that Mr. Barrett would like to put.

Mr. Toby Barrett: Thank you, Chair. I'll be very brief on this. I am cognizant that proposed recommendations are filed with the clerk by August 20. However, there is a bit of urgency, and this is an issue that has come up before the finance committee in the past. The clerk is distributing a motion to all members of the committee. I'll just walk through it very quickly.

"Whereas the McGuinty government has raised tobacco taxes three times since coming to office in 2003; and

"Whereas the McGuinty government has just received a $156.9-million payment as a result of a civil settlement agreement with Imperial Tobacco Canada Ltd. and Rothmans, Benson & Hedges;"—I'll just intervene here to say, hence the urgency—

"Whereas the precedent was set when this government partnered with the federal Liberal government to provide $35 million under the previous TAAP program; and

"Whereas the McGuinty government has repeatedly told farmers that Ontario would be an active participant in a federally-led process to address the tobacco crisis,

"I move that this government forward its 40% share to the tobacco growers of southwestern Ontario utilizing the $156.9 million from the tobacco companies."

I ask permission just to table this in advance. It will be forwarded in a more formal way as well by the deadline. The urgency here is that the federal government has come forward with their 60% funding share for the farmers. This was announced late last week, and I just wanted the finance committee to be aware of this. This subject has come up a number of times before finance.

The Chair (Mr. Pat Hoy): Just for understanding, you want this motion to be put at report writing time as a recommendation?

Mr. Toby Barrett: It would be formally put then. I don't know the protocol. We have a situation where one level of government has moved on this file. At minimum, I want this committee to be aware. I don't know whether there are options for any other discussion if people have anything to discuss, and secondly, whether there is any action that we as a committee could take on this.

The Chair (Mr. Pat Hoy): I would just remind you that the deadline for motions for report writing is August 20. Mr. Arthurs.

Mr. Wayne Arthurs: Mr. Chair, I want to raise a point of order, respectfully, and I understand it might be a matter that the committee at some point may have an interest in. We were charged, for this purpose, by the Legislature to deal with the Ontario health premium as it relates to section 29.2 of the Income Tax Act. The point is, Mr. Chairman, that I believe this matter would be out of order in the context of the authorization we have during the intersession by the Legislature in respect to the matter that's before this committee. So I would ask that you rule in respect to whether the matter would be in order or out of order, either currently or certainly at the time of report writing.

The Chair (Mr. Pat Hoy): If it's related to the Ontario health premium review, he can file amendments by the 20th.

Mr. Wayne Arthurs: The point of order I'm raising is to whether or not this matter would be in order. Would you deal with it at that time? Would that be the appropriate time to deal with it, or should the member be provided with some information ahead of time?

The Chair (Mr. Pat Hoy): Mr. Hudak.

Mr. Tim Hudak: I don't know if we're debating this or not, but the point I was going to add to this discussion is that unfortunately the finance committee is meeting for only one day during the entire summer recess. We recessed back in the third week of June, and we're getting back together the third week of September, so there are several months there when the committee is not meeting. This is the only day, and this is an issue of great importance to Mr. Barrett and his constituents. It's a concern that I have, as the finance critic, as well. I just don't see any problem with filing a motion and hoping that the committee will have time to debate this motion when it next meets or even sooner.

The Chair (Mr. Pat Hoy): The purpose of the committee sitting now, as agreed upon, is for the review of the Ontario health premium, in accordance with section 29.2 of the Income Tax Act. If the member wants this introduced standing alone, it would be out of order. But if it is an amendment to the Ontario health premium, that would be fine; it would be discussed at report writing time.

So is it your intention to make this an amendment to the Ontario health premium? If it was a new matter, it would be out of order.

Mr. Toby Barrett: I would certainly do my best to make this an amendment.

The Chair (Mr. Pat Hoy): It would have to be filed by August 20, and it would be discussed then, at report writing time.

Mr. Toby Barrett: Okay.

Mr. Ted Arnott: I just want to speak to this very briefly. I think that given the fact that the health premium, health tax, whatever we call it here, goes into the consolidated revenue fund of the government, this is a very legitimate issue for Mr. Barrett to be raising at this time, to focus attention on an issue that's very important to him and his constituents. I think he's done the right thing, and I would hope that the committee would see this as notice with respect to what our party's going to be bringing forward at the appropriate time, when the report writing stage commences. Certainly I think that there is an opportunity for us to discuss this issue, and I think this is the only opportunity, given the fact that the Legislature isn't sitting at the present time and no other committees, to the best of my knowledge, are sitting at this time either.

The Chair (Mr. Pat Hoy): As I mentioned, the member would have the opportunity to present it as an amendment at report writing time.

Mr. Toby Barrett: Okay. I'll thank the committee for the time and the discussion, and I consider it deferred.

WINDSOR REGIONAL HOSPITAL

The Chair (Mr. Pat Hoy): We do have our next presenter on the line. It is the Windsor Regional Hospital. Hello, can you hear us?

Mr. David Musyj: Yes, I can, thank you.

The Chair (Mr. Pat Hoy): You have 15 minutes for your presentation; there could be up to five minutes of questioning following that. If you would just identify yourself for the purposes of our recording Hansard, you can begin.

Mr. David Musyj: My name is David Musyj. I'm president and CEO of Windsor Regional Hospital. Thank you for allowing me to speak to you today regarding the Ontario health premium, under the provisions of the legislation requiring a review, and asking for Windsor Regional Hospital's perspective on it.

It's my understanding that the Ontario health premium was part of the Ontario government's plan to invest in and reform the health care system by accomplishing at

least five things, the first being shortening wait times; the second, expanding primary and community-based care; the third, increasing the number of doctors and nurses; fourth, delivering results in a more cost-effective manner; and fifth, ensuring that the system has the resources it needs.

In my opinion, up to this point, we have made substantial progress as a health care system, along with the ministry, in achieving each and every one of those items.

Let me just give you some background on Windsor Regional Hospital to give you some perspective and tell you how it is helping Windsor Regional Hospital and in effect helping the community which we serve and also the rest of the province.

Over the last 10 years, Windsor Regional Hospital has experienced substantial and unprecedented growth, both physically—facility expansion—staffing increases, program and service creation and expansion.

Ten years ago, Windsor Regional Hospital's consolidated operating budget was approximately $90 million; today it stands at over $270 million. Windsor Regional Hospital is still in the process of completing the last of the HSRC directions as they apply to Windsor Regional Hospital, with the commencement of the western campus redevelopment. Our western campus is where we house complex continuing care, rehabilitation and specialized mental health services.

It's anticipated that the demand for existing services will continue to increase, in large part due to the influx of the baby boomers. The first year of the baby boom generation turns 62 this year. They account for approximately 30% of our population. The average age of the patient currently being admitted to Windsor Regional Hospital is 66. At the same time, the supply of health care human resources is experiencing the same phenomenon. So from a demand side, it doesn't take a mathematician to figure out that if 30% of your population is turning 62 and our average age of admission is 66, when you move that bubble along the spectrum, the demand for services is just going to increase.

That's why one of the ministry's and the government's positions, to invest in community-based care and expanding community-based care, is critical. Hospitals are very expensive to run. Hospitals are not the answer. Hospitals are part of the solution and should be there for those who need hospital care. The community and the agenda that we have started on to invest in the community and invest in community-based services is most important and needs to continue in order to deal with this upcoming pressure that's on the system. So at the same time we're having this demand side, we're also dealing with a supply side issue. Our staff are getting older; physicians are getting older. Especially in Windsor, where we have the lowest amount of primary care physicians across the province, the demand for primary health care is huge and ever increasing. The creation of family health teams, which again is to expand primary care services and also increase the number of available physicians and nurse practitioners, is critical and most important and needs to continue to deal with the supply side issue from a health human resources point of view.

During this time of substantial growth, Windsor Regional Hospital had to use part of its reserve funds to fund part of this growth and has accumulated over the last 10 years what is termed a working capital deficit of some $55 million. On an operating side we struggle, just like other industries in the province. When our food costs, insurance costs and energy costs are all increasing at a rate of 10% to 12%, we really struggle, especially at a time where it's very difficult, still, to keep wages and benefit increases to 2% or less. Sometimes, you don't even have to touch benefits, you don't even have to increase benefits and the costs go up, just because of the usage, because, again, our staff are getting older and their use of the benefits is getting that much greater as they age.

We are facing some difficulties at Windsor Regional Hospital, but it's through the work with the ministry offices, with our local health integration network now, which is responsible for funding, that we've been able to get some critical funding that delivers on shortening wait times. For instance, we've received particular wait time funding for hips, knees, MRI and CT, which have all resulted in reductions in wait times in those areas, which again helps the community greatly and helps the rest of the province.

Two areas I want to talk about in particular with respect to wait times and where the money does its biggest bang: One is clearly with emergency departments. Most recently, an announcement came that Windsor Regional Hospital received approximately $1.8 million, among some other hospitals—we not only just got the money, but actually had some deliverables that are attached to the money that require us to achieve these deliverables, or else we have to refund the money. That's very important, to hold us to certain standards in being able to keep the money. It has to deal with the ER wait times. This is critical.

We have a rather ambitious project that's starting at Windsor Regional Hospital that, in our opinion, is going to reform wait times across the province. It's what we term "warp speed." It's a program that was created by our chief of emergency, along with administrative staff here at the hospital, and has been approved by our board of directors and is currently under way. It's about nine months away from being completed.

What is going to end up happening is that instead of having a nurse at the hospital being in triage—a typical patient comes in and is seen by a nurse in triage, and then they register and, unfortunately, sometimes have to wait to see a physician—we're changing that around at Windsor Regional Hospital. We are going to have an actual physician in the triage area. So when patients do come in, they can be triaged rather quickly. Some of them might be able to be sent home, but a lot of them will be able to start their active treatment—diagnostic testing, laboratory testing—immediately. So while they're waiting for the results, they don't have to dupli-

cate that time. In effect, in our emergency department proper, we're going to take away this waiting room concept. All the patients who come in are going to be in the body of the emergency department. We're not going to have this waiting room concept. What that is going to result in is that people are going to have areas where we're going to be sharing cots or sharing stretchers, because not everybody needs a stretcher in an emergency department. We have reclineable chairs that we can fit in the existing space and make better use of the existing space.

1130

What these monies mean to the hospital: It allows us to accelerate the implementation of the warp speed project, which will result in reduction of wait times. Since we started to put into place the first elements of the warp speed project, we have seen a decrease in wait times along with an increase in patient satisfaction at the same time, which is incredible, to have both of them happening at the same time. We only see things moving that much better.

Also, from the cancer front—the other big area where we've made substantial progress as a hospital, based upon some help with respect to funding—most recently it was reported that our Windsor Regional Cancer Centre has moved from having the longest reported wait time in the province to the shortest. In May 2008, it reports that over 90% of our patients were seen within the target of 14 days; it has been a 37% increase over the last 12 months. In addition, we have good outcomes with respect to systemic therapy wait times, having the shortest median wait times for referral from start for the third consecutive year with respect to this.

So again, the first goal of the plan was to shorten wait times, and it has started to achieve that. Expanding primary community-based care: We have seen that as well with respect to the family health teams. Delivering results in a more cost-effective manner: That's where the obligation falls upon Windsor Regional Hospital as well. We're not just standing here with our hands out asking for more money. We know we have a positive obligation to do something about it, and, as a hospital, we are. We are currently undertaking what's called a zero-based budgeting project, which involves not only our front-line staff; all of our physicians in the hospital are participating in the program.

Over this 10-year period, as I've explained, costs have gone up dramatically. We've spent a lot of time reinvesting in facility growth and expanding programs. We need to take a fresh look at our budget, we need to take a fresh look at how we got to where we're at and we need to take a look at how we can do things differently. So we're using zero-based budgeting. We're halfway through the project right now, we have another six weeks to go, and we're starting to see some really dramatic suggestions coming out of that process on how to reform what we do to become more cost-effective and, again, not just have our hands out as a hospital.

In ensuring that the system has the resources it needs, up to this point in time our relationship with our local health integration network, along with the ministry, has been very positive in this regard: very open discussion with respect to dealing with resources we need. Clearly, the continuation and the current presence of the health premium has a lot to do with that in moving this forward.

Those are my initial submissions on the Ontario health premium. I'm open for any questions anyone might have on how the health premium has impacted the hospital in these particular areas.

The Chair (Mr. Pat Hoy): And that concludes your presentation?

Mr. David Musyj: Yes, thank you.

The Chair (Mr. Pat Hoy): Thank you very much. This round of questioning will go to the government.

Mr. Wayne Arthurs: Do you mind if I call you David? Is that okay?

Mr. David Musyj: That's fine, thank you. Sorry about my voice. My son had a T-ball tournament up in Ancaster this weekend and, as you can tell, I did a little too much screaming.

Mr. Wayne Arthurs: Win or lose, as long as they had a good time. Is that what it's all about?

Mr. David Musyj: They finished second. High Park beat them. So congratulations to High Park.

Mr. Wayne Arthurs: Excellent. I've got a couple of things. You'll appreciate, just being conferenced in, that we've had a number of presentations this morning, both conferenced in and in some cases in person, and not being here, you wouldn't have had the opportunity to hear some of those. Understandably, on some of the interests—we've heard from the Canadian Taxpayers Federation and some others that their primary interest is in the reduction of taxes, period.

Let me pose a question to you, if I can, and maybe get a reaction from you. With the implementation of the Ontario health premium, the tax, it certainly crystallized public thinking around health care and expenditures on health care when there was a dedicated amount of tax. It goes into the general fund and then gets spent on the health care system. Do you think it similarly crystallized some of the thinking in the hospital and the provider sector as well when that level of attention was drawn to dollars dedicated for that purpose?

Mr. David Musyj: That's a very good point, and I agree it has. Public accountability and transparency on behalf of health care providers has taken a different level. Maybe the implementation of the Ontario health premium had something to do with that, because it does—when people are specifically paying for a particular service where they see the monies are being dedicated directly, they require accountability. That's one area where we've seen substantial growth in health care. For instance, most recently, six months ago, our hospital was one of the first hospitals in the province to start disclosing some information publicly, public transparency regarding quality indicators as well as financial indicators, and publicly disclosing them on a monthly and quarterly basis. Now, as you are aware, the ministry has come out that it's mandating, starting in the fall, in

September, the public reporting of C. difficile hospital-acquired infections, which we've been doing for quite some time. That's an important step. So from our hospital's perspective, yes, if the health premium has helped, and I could see how that could help, in creating a focus and then has resulted in the health care providers becoming more accountable and more transparent, that is a very positive thing in putting it front and centre in everyone's mind.

Mr. Wayne Arthurs: You also spoke during your presentation about a number of matters, two of which included the redevelopment at the hospital as well as the warp speed initiative. Clearly, both of those require government support and government funding. Do you see those as opportunities to leverage staffing? You made reference to the aging staff. Obviously, it's a challenge you're having; you referenced it particularly. Do you see these as opportunities to leverage staffing to attract either younger people or people into your system who would be looking to make a move? How helpful will it be to do that?

Mr. David Musyj: Yes, it definitely is, not only short term, but long term; short term with respect to the construction of the project as well. I don't have to repeat for everybody what's happening in Windsor right now, but the creation of short-term and long-term jobs is very important for the Windsor economy. This will result in an increase in jobs here at the hospital.

Also, the new medical school is under construction at the University of Windsor. Its first full semester is going to be taking place this September. That, along with the facelift, renovation and new construction that's taking place at our western campus has been a way to recruit physicians. Even as early as today, I'm meeting with another internal medicine physician who is interested in coming to Windsor and coming to our western campus just for those two purposes—(1) the medical school, and (2) the renovation that's going to be taking place—and to be part of it.

Mr. Wayne Arthurs: You spoke extensively about the warp speed initiative, and among those comments early on that you hoped or anticipated that this might be rolled out in whole or in part province-wide. What type of collaboration are you doing now, or will you be doing, with other hospitals in an effort to provide them with windows of opportunity to enhance their emergency activity around a warp speed type of initiative?

Mr. David Musyj: We've had a lot of discussion with other hospitals who have heard about it and are interested in it and have met with representatives of other hospitals to discuss the concept and see if it could work at their particular hospital as well. There has been some interest, again. There are certain elements of it that other hospitals are starting to adopt already, so there is a lot of sharing of information that is going on between the health care providers. Part of it will have to be, once we get up and running—the proof of the pudding is in the eating, and we'll find out how good it is once it gets up and running. But we're very confident, with the results we're seeing so far with the early phases, that it's going to be successful in reducing wait times while we increase patient satisfaction.

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

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UNITED STEELWORKERS

The Chair (Mr. Pat Hoy): I call now on the United Steelworkers of America to come forward, please. Good morning. You have 15 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Erin Weir: I'm Erin Weir. I'm an economist with the United Steelworkers union. We've dropped the "America," but I suspect that was in your records from previous committee hearings. Thanks a lot for giving me an opportunity to participate in this review of the Ontario health premium. I've grown accustomed to appearing before committees on Parliament Hill where I'm only allowed five minutes, so it's great to come to Queen's Park, where things are a little bit looser.

I would begin my assessment of the Ontario health premium from the premise that the government of Ontario needs more public revenue, not only for health care, but also for industrial development, environmental initiatives, education and training, child care, social housing and other initiatives. The United Steelworkers, and indeed other unions, are quite willing to support additional levies to generate the public revenues needed to finance important public services. However, our concern is that the health premium generates relatively little revenue in an extremely inequitable manner. So I'd like to speak about Ontario's revenue needs, then about the regressivity of the health premium, and finally I'd like to discuss alternatives to the health premium.

I think there's general agreement that the government of Ontario has too little revenue to finance public services in this province, but there are different interpretations as to the cause of this. The conventional wisdom, and I think it's fair to say the provincial government's position, is that Ontario pays a lot of equalization to other provinces, which has created this supposed $20-billion gap between Ontario and the federal government. I think it's worth noting that the entire equalization and territorial formula financing programs cost only $15 billion. None of that money comes from the government of Ontario; all of it comes directly from the federal government.

The federal government does generate approximately 40% of its revenue in Ontario, so I suppose one could estimate that Ontario taxpayers contribute about $6 billion a year to equalization. If the federal government eliminated equalization tomorrow, which would be completely unconstitutional, this would provide an extra $6 billion of after-tax income to residents of Ontario but would provide no additional funds to the government of Ontario.

The only way the government of Ontario would get more public revenue under this scenario is if the government of Ontario were to increase its provincial taxes to take up the tax room vacated by the federal government. But even with equalization in place, the federal government has already cut its taxes a great deal, and the government of Ontario has chosen not to take up this tax room. So the real issue is not this mythical $20-billion gap. The real issue is the political will or the lack of political will to set Ontario's provincial tax rates at the levels needed to generate sufficient revenue to finance public services in this province.

Essentially, Ontario public services are underfunded because the government of Mike Harris cut taxes quite deeply and because the government of Dalton McGuinty has chosen not to reverse those tax cuts. Hugh Mackenzie estimates that even after the $3-billion health premium, Ontario is still losing $15 billion annually from the Harris tax cuts. In other words, for every dollar that the Ontario health premium raises, the provincial government is still losing $5 from the Harris tax cuts. So the first main problem with the health premium, quite clearly, is that it just doesn't generate enough revenue.

The second major problem with the premium is that it generates that revenue in a highly inequitable manner. A very important principle of taxation is ability to pay. Basically what that means is that people with higher incomes should pay proportionately more. This isn't just a theoretical principle; this is of great practical importance given the extreme inequality of personal income distribution in Ontario. The most recent available figures from the Canada Revenue Agency indicate that fewer than 5% of Ontario tax filers have incomes over $100,000, yet this fewer than 5% collected more than 25% of total personal income in the province. So when I talk about progressive taxation, there's not only this issue of fairness, there's also the empirical reality that much of Ontario's potential tax base is concentrated at the upper end of the income spectrum.

The Ontario health premium is not progressive. On the contrary, it takes proportionately more from those with lower incomes. A person making $25,000 pays $300 in health premium. That's more than 1% of their income. Someone making $200,000 pays $750. That's less than one third of 1% of their income. A person making $1 million pays $900, which is less than one tenth of 1% of their income. Just to reiterate the regressivity of the health premium, it's worth noting that this person making $25,000 a year, which would be somebody working full time for a little bit more than half of the average hourly wage in Ontario, would be paying more than 1% of their income toward the health premium. The millionaire, by contrast, is paying less than one tenth of 1% of their income to the health premium.

The regressive nature of the Ontario health premium could be mitigated if employers were to pay it on behalf of their employees. And indeed, when the health premium was implemented, many collective agreements in the province of Ontario already contained language requiring employers to pay provincial health premiums. Unions were initially successful in enforcing these provisions of collective agreements through arbitration. However, the Premier and the finance minister quickly jumped in to clarify that the Ontario health premium was not a premium at all, but rather a tax to be paid by individuals. As a result of this intervention, most subsequent arbitrations ruled that employers did not have to pay the Ontario health premium.

I think it's really worth underscoring the inconsistency in the government's position. Initially, it came forward and said, "We promise not to increase taxes at all. This isn't a tax. It's a health premium." Then, when the issue of whether it was going to be paid by employers or workers came up, the government said, "No, no, we've changed our mind after all. It's not a premium. It's a tax that workers have to pay." This just aggravated the regressive nature of the health premium.

I'd like to move on to discuss some alternative ways of generating revenue. The United Steelworkers believe that Ontario should raise more revenue in a more progressive manner. As I already mentioned, reversing the Harris-era tax cuts would generate $15 billion more than the health premium generates. Because other provinces also cut taxes during this era, I suspect that some commentators would argue that it's unrealistic for Ontario to fully reverse the Mike Harris tax cuts. However, I've done a calculation using the federal government's equalization tables, and what it shows is that if Ontario simply set its income taxes at the average maintained by the other nine provinces, this would yield an extra $7.5 billion in revenue.

If the committee is interested in some specific ideas as to how to generate more income tax revenue in Ontario, what strikes me is that in the provincial income tax system, the top bracket begins at only $71,000 per year. Adding another tax bracket for income in excess of $100,000 per year could generate billions more dollars, and it would have absolutely no effect on the 95% of Ontario tax filers who make less than $100,000.

I'll simply conclude by reiterating the fact that when examining the Ontario health premium, there are far more progressive ways of generating significantly more provincial revenue.

Thanks again for your time.

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The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning goes to the official opposition.

Mr. Tim Hudak: Mr. Weir, thanks very much for the presentation. You obviously put a lot of work into it. There were very detailed suggestions as to an alternative method of taxation.

Not to get you down, but the challenge we here at the committee have is that Dalton McGuinty has already said, basically, that he is not going to listen to what this committee says. He said, "I think the outcome is pretty predictable. The only need for the review at this point in time is a technical one." So the fix is in; this goose is

cooked. Dalton McGuinty has no intention of giving Ontario families and seniors any kind of break.

We heard today that emergency rooms are increasingly crowded—there are wait times of up to six hours in Windsor; long-term-care homes are still without beds, backing patients up into acute-care wards and into emergency rooms. It seems like the only way to get non-emergency surgeries or MRIs is to cross the border and pay for it yourself. Doctors and nurses are in critically short supply.

The big sham around the so-called health tax is that the money isn't going into health care at all; it's simply going into the general revenue fund. Dalton McGuinty has made that worse by making a sham of the committee hearing by not even listening to what the committee says.

I do appreciate the efforts that you made and the work that you have brought forward. I know that the United Steelworkers are part of a collective bargaining group with National Steel Car. The issue around whether the so-called health premium is payable by employers or by employees: At one time, the finance minister and the Premier had indicated that it must be paid by employees as opposed to employers; National Steel Car went the other way in their arbitrated settlement. Do you have a view on this? Should this be amended, or should we let the process take place?

Mr. Erin Weir: At United Steel Car, we were successful in the arbitration. The arbitrator ruled that in fact this health premium is materially similar to the old OHIP premiums and indeed that the employer had to pay it. I guess we lost most of our other arbitrations, and the reason we lost them is that the provincial government intervened and sort of said, "It's not a premium after all; it's a tax on individuals," and of course most arbitrators are deferential to the finance minister and the Premier when they say that. So certainly it would be extremely positive for workers in Ontario if the provincial government could perhaps revise that position and recharacterize it as a premium, which I think was its original effort in introducing it.

Mr. Tim Hudak: You also highlight the lack of progressivity of the Ontario health premium, how it hits lower-income Ontarians and seniors the hardest. You make some other suggestions in terms of income tax rates. If the government doesn't go down that path—I don't think they're going down any path, but if they don't—would you tweak the Ontario health premium in terms of when it kicks in, at what levels?

Mr. Erin Weir: Yes, I think I would. I think it's possible to maintain the premium in general but eliminate it for people at lower incomes. There are also some design elements of the health premium that make it particularly regressive. It applies a stepped structure not to gross income but to taxable income after deductions. What this means is that people at certain income levels can use their deductions to move between the steps. I'll give you a specific example. By claiming an extra $600 in RRSP contributions, someone making $200,600 could reduce their premium from $900 to $750. So this savings of $150 is basically an immediate return of 25% on their $600 investment, on top of the income tax savings that they'd receive from this RRSP contribution.

I don't want to make a mountain out of a molehill here, because I recognize that most Ontarians don't plan their taxes quite that aggressively, but the point I make is that the minority of Ontarians who do have the wherewithal to plan their taxes that way are overwhelmingly concentrated at the upper end of the income scale.

Just to substantiate that, I'd note that those fewer than 5% of Ontarians making more than $100,000 a year have about a quarter of provincial income, as I mentioned, but they have one third of RRSP contributions. So the people who are able to manipulate the structure of this health premium are the people who are already doing quite well. I think it's pretty striking that someone who, say, has some leftover RRSP contributions and is making more than $200,000 a year, by simply claiming an additional $600, could exploit the system and save $150 in health premium right away.

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

Mr. Erin Weir: Thanks for your time.

The Chair (Mr. Pat Hoy): And we are adjourned.

The committee adjourned at 1157.

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