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Mercredi 6 juin 2012

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Strong Action for Ontario Act (Budget Measures), 2012

Loi de 2012 sur une action énergique pour l'Ontario (mesures budgétaires)

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 6 June 2012

Mercredi 6 juin 2012

The committee met at 0901 in room 230.

The Chair (Mr. Bob Delaney): Good morning, everybody. We are here to consider—

Mr. Peter Shurman: Bill 55.

The Chair (Mr. Bob Delaney): Bill 55—thank you, Mr. Shurman—An Act to implement Budget measures and to enact and amend various Acts.

SUBCOMMITTEE REPORT

The Chair (Mr. Bob Delaney): Our first order of business is the subcommittee report. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Chair. Good morning, and good morning to the members of the committee.

Chair, your subcommittee met on Friday, June 1, 2012, and Monday, June 4, 2012, to consider the method of proceeding on the order of the House dated May 31, 2012, in relation to Bill 55, An Act to implement Budget measures and to enact and amend various Acts, and recommends the following:

(1) That the Ombudsman be invited as the first witness or whenever he is available and be given 15 minutes for a presentation, followed by five minutes per caucus for questions.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on Bill 55 on the Ontario parliamentary channel, the Legislative Assembly website and the CNW NewsWire service prior to the adoption of the subcommittee report.

(3) That the committee clerk, in consultation with the Chair, place one advertisement regarding public hearings on Bill 55 during the week of June 4, 2012, for one day only, in the Toronto Star and the Globe and Mail and Le Droit, prior to the adoption of the subcommittee report.

(4) That interested parties who wish to be considered to make an oral presentation on Bill 55 contact the committee clerk by 5 p.m. on Friday, June 8, 2012.

(5) That members of the subcommittee meet on Monday, June 4, and Monday, June 11 to prioritize lists of witnesses to be scheduled. The witnesses will be selected from the list of requests to appear provided by the committee clerk.

(6) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questions by committee members.

(7) That the deadline for written submissions be 12 noon on Tuesday, June 12, 2012.

(8) That the committee clerk be authorized to schedule all witnesses on the list of requests to appear provided to members of the subcommittee on June 4, 2012, for Wednesday, June 6, Thursday, June 7 and Friday, June 8, 2012, if necessary.

(9) That members of the subcommittee meet on Thursday, June 7, 2012, to prioritize the subsequent list of requests to appear, to be provided by the committee clerk.

(10) That the committee recess for a half-hour for dinner on days that the committee is scheduled to sit until 9 p.m.

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

The Chair (Mr. Bob Delaney): Any discussion? All those in favour? Carried.

STRONG ACTION FOR ONTARIO ACT (BUDGET MEASURES), 2012

LOI DE 2012 SUR UNE ACTION ÉNERGIQUE POUR L'ONTARIO (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

TRILLIUM ENERGY ALLIANCE INC.

The Chair (Mr. Bob Delaney): Our first presentation today is Trillium Energy Alliance Inc. Jeff Mole, please come forward. You will have 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning. The questioning will be from the PC Party. Please state your name for Hansard and commence.

Mr. Jeff Mole: Thank you, Mr. Chair. My name is Jeff Mole and I am one of five founding directors of Trillium Energy Alliance Inc. I'm here today to speak in support of amending Bill 55 to invest in community energy. Trillium Energy is a community enterprise which helps mobilize Ontario communities and financial investments to create jobs and economic development in the clean energy sector. We are innovators in the development of clean energy through a community enterprise corporate structure.

We started Trillium Energy Alliance in 2010 to give Ontarians a better way of developing clean energy opportunities. My colleagues and I recognized the need to provide greater community benefit and control in Ontario's open electricity market. We have created an innovative business model to accomplish this. We call it "the" alternative energy model. I have spent the better part of the past six years developing the model, consulting with government and industry experts and bringing this idea to market. I developed this model without the expectation of financial gain. As a result, I was nominated for a Community Power leader award in 2011.

Let's start by saying that I attended this committee on April 21, 2011, to outline the challenges faced by communities in developing clean energy projects. Since that time, I have been lobbying unsuccessfully for a community energy act. Here we are, over a year later, and I am sad that for some reason we can't seem to bring forward a piece of legislation to enable communities to develop renewable energy projects for the benefit of communities. Instead, new electricity projects are focused almost exclusively on generating huge profits for corporations at the expense of the overburdened energy consumer.

Ontario is rich in opportunities to develop renewable energy projects using a community enterprise model, yet the province is poised to enter into hundreds of billions in long-term energy contracts for private electricity. Ontarians own these resources. Ontarians built and maintain the electricity grid. Ontarians would provide the cash flow through a power purchase scheme called a FIT contract, and Ontarians have to live with the environmental impacts of these projects. It makes no sense for Ontarians to hand over valuable crown land to private corporations for the benefit of absentee shareholders, yet it appears to be happening. Private electricity generation is not a good deal for Ontario. There is an alternative.

We propose creating 50 democratically controlled regional enterprises to assess local electricity generating opportunities in a transparent manner that respects everyone's opinion. This model helps ensure that sensible proposals can be considered within existing processes, with a view to providing maximum benefit to communities and Ontario as a whole.

The 2012 budget should recognize that community energy projects can provide a wide range of social, economic and environmental benefits. The budget should be amended to make strategic investments to help communities build capacity and mobilize. Otherwise, absentee corporations may continue taking control of local opportunities and siphoning these benefits out of communities.

On page 15 of the Feed-in Tariff review completed in 2012, it was noted that "active participation of communities is important to the continued success of the FIT program," and that renewable energy projects provide "positive financial returns for the community, as well as additional local benefits." The report also notes, "However, most local community and aboriginal projects require more time to mobilize."

We have been trying to meet with the Minister of Energy in regard to this but to no avail. So far, officials from the Ministry of Energy and the Ontario Power Authority have been silent in response to our requests for strategic investments in this area.

We believe that a strategic investment in mobilizing communities for energy generation would be supported by the majority of MPPs because it's the right thing to do and it just makes sense. We are concerned that this initiative is being caught in the partisan crossfire at Queen's Park and is being muzzled by corporate influence and greed. You are here to represent your constituents, not corporate lobbyists.

I am here today to ask for an amendment to the budget. We propose amending the budget to invest $2 million in Trillium Energy Alliance to fund our initiative to expand a province-wide network of democratically controlled regional community enterprises for electricity generation. Funds would be used to mobilize citizens and pay regulated fees to the province.

Fund a community energy loan program" On page 49 of the budget papers, the government states: "The Aboriginal Loan Guarantee Program (ALGP) continues to facilitate opportunities for aboriginal participation in the energy sector. The ALGP has received applications for loan guarantee requests that are expected to bring over 600 MW of clean renewable power to Ontarians, while providing First Nations communities with a source of jobs and income for years to come." Yet there is no comparable program to enable local communities to participate in the energy sector.

We propose an amendment that would give community enterprises for electricity generation the opportunity and access to capital to assess and develop local clean energy opportunities for community benefit. This includes soft cost and capital cost community energy loan guarantee programs.

0910

Omnibus measures: We are concerned with the trend by governments to use budgets as omnibus bills to impose legislation that has very little, if anything, to do with budget measures. We saw it last year when the province imposed hospital secrecy measures. We are also seeing it at the federal level, with the removal of federal environmental protections.

On page 92 of the budget papers, the government is proposing amendments to the Lakes and Rivers Improvement Act that would give the Minister of Natural Resources specific powers that are currently subject to public consultation. These measures could be seen as an affront to democracy and environmental oversight.

We are concerned that the government is not doing enough to protect our crown land and waterfalls for future generations. Specifically, it is not sustainable to allow private development of these sites for energy projects, since this impairs the ability of future generations to enjoy the economic benefit of these opportunities.

Ontario's natural wealth is being extracted by this government. We are concerned that there is too much emphasis being placed on attracting private sector investment. In so doing, we are giving away the store. Currently, 87 public waterfalls are being indiscriminately handed over to a handful of well-connected developers. Energy consumers will pay these developers over $10 billion to buy back this energy. This misuse of public trust makes the Ornge air ambulance boondoggle look like a farce. It is tragic that the water power site release policy has been under review since 2009. The minister's decision is long overdue, yet these 87 projects move through the approvals process with little regard given for their economic impact on Ontario.

The Chair (Mr. Bob Delaney): Just to advise you, you have about a minute left.

Mr. Jeff Mole: This is a concern because omnibus measures would strip way the public's right to comment on these decisions.

We propose declaring that June 6, or some other day, be named Sir Adam Beck Day in recognition of the significant benefits of public power in Ontario.

Finally, we propose amending the Electricity Act and other policies to prioritize all remaining grid capacity for community enterprise projects and/or public utilities.

In closing, let me state that community enterprises can help reduce the social friction associated with wind, solar and water power projects by providing a vehicle for economic benefit along with a structure for local control and local decision-making.

Communities can do well by generating and selling electricity to the provincial power authority through the FIT program. Our model ensures that any surplus revenues are reinvested in education, health, environment, job creation and other community programs.

There is more. It's included in my written submission. Hopefully, we can add that to the Hansard. Thank you.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Shurman.

Mr. Peter Shurman: Thank you, Mr. Mole. I think you know that our party is on the same side as you when it comes to the efficacy of the Feed-in Tariff program as it exists and is defined by the government of the day. However, your approach to the delivery of energy in the province is not necessarily a new approach. If we go back 100 or so years, community enterprises are what created the origins of what today is a monster grid that runs top-down. There are many ways to deliver effectively distributed energy. Yours is one; it deals with community. Why do you think that there should be seed money coming from the public purse to get that started? If communities wanted to make this approach, obviously they could raise the money themselves. Two million dollars, in the overall scheme of things, is not a lot of money.

Mr. Jeff Mole: I think you're mistaken. The community enterprises of the past were generally municipally owned generation companies. Municipalities are not agile enough to be in this business. There's a lot of political and financial risk involved in being in this business, and municipalities are not in that game.

The $2 million I'm talking about is the seed money just to incorporate, mobilize and recruit members of the public to form 50 regional companies. That's basically $40,000 per region—not an awful lot to invest in bringing what your party wants to do, which is local control, local decisions and, we happen to say, local benefit.

We need this investment to get Ontarians mobilized. There are billions more in investment needed from the private sector to get projects out of the ground. We need access to that capital. We're not asking the government to give us a handout or to subsidize us in any way. We're asking the province to say that this is a strategic investment so sensible projects can go forward for the benefit of communities, so that communities have access to capital, because let's face it, these are start-up companies that have no wherewithal. All they have is a bunch of community people who are interested in doing the right thing.

Mr. Peter Shurman: What informs your view that there are 50 organizations in the bud that really want to do this? Or is it simply your view?

Mr. Jeff Mole: I've been at this for the better part of six years. It is quite easy to mobilize communities if you give them the tools that they need. They need to have a road map. What you propose, if not to do this, would be to just let people willy-nilly get together without a strategic business model to follow and hope they do the right thing. What we're saying is, we've studied this. We know how to put this all together. I've done this in Muskoka. We created an enterprise, and all we need is some help to go out and mobilize people and financial resources. It has to be done through a corporate structure. Communities don't just sort of come together without that corporate structure.

Mr. Peter Shurman: Thank you very much, Mr. Mole. No more questions.

The Chair (Mr. Bob Delaney): And thank you very much for your deputation today.

MR. JOHN STAPLETON

The Chair (Mr. Bob Delaney): Our next presenter is John Stapleton. Good morning, Mr. Stapleton. You'll have 10 minutes for your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Please state your name for Hansard and commence.

Mr. John Stapleton: My name is John Stapleton. I'm speaking to you today as a private citizen. I have a small social policy consultancy here in Toronto. To the members of the standing committee, thank you for allowing me to speak to Bill 55.

I know that members are aware that the Ontario social assistance review will be reporting back in the near future to the government. Likely they will be calling on the government to increase the level of income to recipients; one expects that. But my first purpose in speaking today will be to call for amendments to schedule 66 of the budget bill, which is near the end of the bill, to allow additional payments to be made to low-income single people through the tax system.

My second purpose is to take the opportunity to inform the standing committee just how far single people receiving Ontario Works, which is our welfare program, have fallen behind. In 2012, first of all, three years following the greatest recession since the Great Depression, 1.1% of Ontarians—that's 157,000 single men and single women—received social assistance in Ontario, in February 2012. That's three SkyDomes, or three Rogers Centres, full of people, just to give you the picture. The number of single people receiving Ontario Works has increased by over 65% from 95,000 at the turn of the millennium to 157,000 now, and you may get many more if the government continues to pull the plug on the horse racing industry.

Ontario's single social assistance rate from Ontario Works was increased to $599 a month in December 2011, with $227 allocated by regulation to basic needs. But the minimum monthly cost of a nutritional food basket requiring secure, energy-efficient and affordable storage, freezing, refrigeration and cooking facilities, which people often don't have, is $270. That's the minimum. Ontario's social assistance rate, you should know, was $663 a month in 1993. If adjusted for inflation since 1993, the single rate would now stand at $942 a month, $343 per month more than in 2012. So—and wait for it–it would take a 57% rate increase to equal the single rate that was paid in 1993, and the budget accord would raise that single rate to just $605 a month.

If we think about incentives, the social assistance single rate now stands at 36% of full-time minimum wages at $10.25 an hour. That ratio of 36% is the same as in 1937, when minimum wages were first legislated at the behest of Minister David Croll in the Liberal government of the time. In 1993, the social assistance single rate stood at 60% of full-time minimum wages at $6.35 an hour.

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In 1995, the Harris government cut the single rate by 21.6% to $520 a month. This $520 rate was not adjusted in the next eight years by Mr. Harris or Mr. Eves, and if adjusted to inflation, the $520 would have risen to $614 a month then, an 18% increase. The McGuinty government inherited the $520 single rate and it has raised it several times to $599 a month, an aggregate increase of 15.2%, but had the $520 rate been adjusted to inflation since 2003, it would now stand at $613 a month. In other words, the single rate, even though it had been reduced to $520 and stayed there for eight years, has still eroded to inflation since that time. It would take an additional 2.3% increase to raise rates to where they were in 2003. The current $599-a-month rate, in real terms, is $225 a month less than it was following the cuts in October 1995.

Here's the pitch: Given the difficulty that successive governments have experienced keeping rates in line with inflation, I recommend that changes be made to schedule 66 of the budget bill to make the token adjustment needed to raise the overall income of a needy single person by just $7 a month, if only to ensure that the overall income of single social assistance recipients retains the same buying power of the $520 a month that was paid in 2003. I have enclosed a chart that shows you the overall incomes of social assistance recipients of various family sizes, and will point out to you that the single person only receives additional money, other than social assistance, of $73.75 a month, much less than what a lone parent or a family with children would receive.

Thank you very much for your time and attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Prue?

Mr. Michael Prue: Yes, thank you very much, Mr. Stapleton. This is really quite detailed, but I want to get down to the bottom line for the government in terms of the budget. A $7 increase per month for social assistance recipients, given the numbers: How many millions of dollars would that add to the budget?

Mr. John Stapleton: A 1% increase overall for single people would probably be about $40 million.

Mr. Michael Prue: For $40 million, that would take it, in your estimation, up to the level that social assistance recipients had in 2003, which would have been at the time of the Harris cuts?

Mr. John Stapleton: Yes, the cuts were in 1995, and then it was allowed to erode to inflation for eight more years. That rate stood at $520 in 2003, and has since eroded to inflation. I am just calling for an increase that would bring it back up to what it had eroded to, recognizing the government's fiscal situation.

Mr. Michael Prue: Now the more difficult part: Where would you think the government would find this money? Just to give you an example: I have often talked about the uselessness of EQAO testing and how you could save $51 million and put it into the education system. You have to come up with something; you have to tell us where you're going to find the money.

Mr. John Stapleton: Well, I think in terms of increased taxation it would be one place to do it, through increased income taxes, especially on people who have enough. I could certainly bear an increase that would allow us to pay for it.

Mr. Michael Prue: I don't know that that's going to be possible, but the government did agree to the NDP condition that people over $500,000 a year pay an additional very small amount that would raise some $470 million. Would you suggest that it might come out of there?

Mr. John Stapleton: Certainly it's a good place to start.

Mr. Michael Prue: Those would be my questions. Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for your presentation here today.

Mr. John Stapleton: Thank you.

LONDON HEALTH COALITION

The Chair (Mr. Bob Delaney): Our next presentation will come from the London Health Coalition, Peter

Bergmanis. Good morning and welcome. You'll have 10 minutes for your presentation today, followed by up to five minutes of questioning. This round of questioning will come from the government. Please begin by stating your name for Hansard, and commence.

Mr. Peter Bergmanis: Thank you very much, Mr. Chair. My name is Peter Bergmanis. I'm the co-chair of the London Health Coalition in London, Ontario. I am also in the company of my two other co-chairs, Jeff Hanks and Shirley Schuurman, here today.

As you can tell from the outset in the cover letter that I've provided here, the cover page, we are all about health care and that's the advocacy group that we're about. We are probably the vanguard group today with respect to—there will be other coalition chapters appearing before the finance committee and there will be the Ontario Health Coalition, which is the umbrella group, probably making a submission as well down the road. So you'll be hearing this message time and time again.

I will also point out that the date of submission here is actually June 6 and not June 7. Just a correction there.

Health care is consistently featured in the media, often luridly highlighted by scandals, reports of excessive executive salaries, administrative waste and seemingly endless budgetary demands.

The forces promoting such crisis rhetoric about the sustainability of medicare are almost exclusively vested interests within the private, for-profit health care industry. In Ontario's case, the for-profit pundits and the politicians they finance make great political hay of health care eating up an ever-larger portion of the provincial budget. Of course, their solution is to introduce more market-driven principles into the public sphere, the very same schemes which create unsustainable cost pressures on health care.

In truth, Ontario's spending on a per-person basis is lower than almost all of the rest of the nation. Because total provincial expenditure is shrinking, health care appears to be higher in relation to the rest of the budget.

So if health care is not responsible for gobbling up a bigger slice of the province's pie, what is? We firmly suggest that it is uncontrolled tax cuts.

For over 30 years, wealthy corporations and individuals have been pressuring successive governments for so called "tax relief." The unrelenting pressure by the rich to excuse themselves from paying their fair share for social programs like universal medicare has pushed the Ontario government to create a more regressive tax regime. By prioritizing the transfer of wealth—tax cuts to the rich—over access to needed care and other public services, approximately $18 billion is annually lost to provincial coffers.

Since 1995, Ontario has engaged in the most aggressive tax cuts of any jurisdiction in Canada. The yearly loss of revenue to the public purse resulting from this obscene obsession with the incessant demands of the wealthy few accounts for more money than Ontario's entire provincial deficit. Social justice advocacy group Canadians for Tax Fairness reports that the wealthiest 1% of the population now pays a smaller percentage of their income in taxes than any other income group, including the poorest 10%.

The results are clear. After more than a decade of hospital restructuring and cuts, Ontario has the fewest hospital beds per person of anywhere in the country. In London, there are approximately half the acute-care beds that existed 20 years ago. Hospitals are running at an average occupancy rate of 98%, a level of patient overcrowding unheard of in the industrialized world. This has translated into overflowing emergency departments, patients forced to lie on stretchers days at a time until a bed opens, ambulance paramedics paralyzed from performing more pressing duties while waiting to off-load patients, and surgeries and clinical procedures being cancelled because there are no available hospital beds.

The latest provincial budgetary dreadnought to threaten publicly provided services is schedule 28 to Bill 55, the Government Services and Service Providers Act, 2012. Media reports have almost exclusively focused on the notion that the act is exclusively limited to ServiceOntario. In fact, respected legal opinion provided by Sack Goldblatt Mitchell LLP raises the alarm that the government services act subjects virtually all government services, inclusive of broader public services provided by hospitals, to the rigours of potential privatization. Without any requirement for accountability or transparency, the authority of cabinet and the minister under the act is paramount, superseding other provincial laws and policy objectives. In light of Ontario's obligations under international investment and services agreements, the opportunity for wholesale sell-off of hospital services would be possible.

0930

The scope of medicare is seriously being threatened and eroded. Lengthy wait-lists have become the norm as acute care and longer-term care have been rationed, rehab services severely cut and mental health grossly underresourced. According to the Ministry of Health and Long-Term Care's most recent data, there already exist 2,251 people awaiting long-term-care beds within the geographic boundaries of the South West LHIN. The median time for a placement is 264 days. That means that half the people waiting are waiting for nine months or more for placement.

Bill 55 will only exacerbate an already intolerable situation and will encourage bottom-line-minded hospital executives to contract out even more hospital services. The London Health Coalition calls upon the government to completely scrap schedule 28 of the bill.

The people of Ontario need health care, not wealth care; prosperity, not austerity. Restoring our government's fiscal capacity to properly fund social programs will place Ontario back on track to a healthy recovery.

Cancellation of reckless corporate tax cuts and employer health tax loopholes would create a sounder financial footing, more capable of sustaining public health care than privatization schemes or vicious attacks upon public sector unions and their members' collective agreements.

Illustrative of this would be the elimination of the exemption from paying the EHT for employers with payrolls under $600,000. The EHT substituted for the Ontario health insurance premium. It is the contribution expected of Ontario employers in exchange for the substantial competitive benefit they enjoy due to the existence of public medicare in the province.

As citizens of a democracy, we must hold our politicians to account. If our political leaders support wealth transfer to the rich as the highest form of political good, then they do not deserve the support of citizens worried about the sustainability of Ontario's publicly funded and delivered, universally accessible health care system.

I submit my report, and thank you.

The Chair (Mr. Bob Delaney): And thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, sir, for coming today to the committee. I wanted to ask you a few questions. You've probably had the opportunity to study and look at the Minister of Health's action plan on transforming health care, where she places significant focus on providing more front-line care in our community setting, especially for our seniors when it comes to providing home care. Can you share your views on that kind of strategy in terms of a better delivery of health care right in the community where it's needed the most?

Mr. Peter Bergmanis: I support Minister Matthews in the sense that there are community efforts being applied, but our concern is that, as I pointed out with this brief, if there's a loophole for providing it through the private sector—and long-term care is actually over 50% provided in the long-term-care industry. Private, for-profit delivery is usually corruptible because there is a profit motive involved. We've certainly seen scandals, and I won't even go into all of the scandals that have emerged.

Our concern is how it's delivered. If the minister is very interested in providing better service for long-term care, then we should be getting access to more publicly funded, properly resourced long-term-care facilities.

Mr. Yasir Naqvi: I think the minister will agree with you to a large extent because her action plan clearly talks about not-for-profit delivery of home care within the community setting.

I also wanted to hear your views about the changes to doctors' fees that the government recently announced, which will save roughly around, this year, about $338.3 million, money that could be reinvested back in our community in front-line care. What's the view of your coalition in regard to those changes?

Mr. Peter Bergmanis: I will express not necessarily on behalf of the coalition but from the viewpoint of, I am myself a health care provider on the front lines, and my co-workers and such forth are still rather puzzled as to: How does cutting the fee schedules of the physicians translate into better care that will be provided within the community? It does not necessarily equate that $300 million—I believe that's the quote, right? The $300 million does not necessarily mean that that automatically transfers out into better trauma care, better emergency services or anything of the like. And we don't like the fact that if the physician group is going to challenge this, which I understand they will be, then there is, again, more antagonism instead of the kind of collective collaboration that the health system requires so that we can properly provide for patients.

Mr. Yasir Naqvi: Well, I think the minister is working very closely with doctors' groups and looking to find ways where we can find better dollar resources to invest in our health care system.

Last question, quickly: Do you support freezing the base pay for hospital executives, as is contemplated in the budget?

Mr. Peter Bergmanis: We certainly do.

Mr. Yasir Naqvi: Great. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much for your presentation here today.

MR. JOHN SEWELL

The Chair (Mr. Bob Delaney): Our next deputation is from John Sewell. Mr. Sewell, please come forward. Good morning, Mr. Sewell.

Mr. John Sewell: Good morning. Thank you very much, members of the committee.

The Chair (Mr. Bob Delaney): Welcome back to Queen's Park.

Mr. John Sewell: Thank you. I'm very pleased to be here.

The Chair (Mr. Bob Delaney): As you've probably heard, you'll have 10 minutes for your deputation, followed by up to five minutes of questioning. This round of questioning will come from the PC Party. Please state your name for Hansard and commence.

Mr. John Sewell: Thank you for the opportunity of making this presentation on Bill 55.

I believe that apart from putting provincial finances on a solid footing, the critical issue in the budget is the need to create an Ontario where there is more economic equality. Budgets are documents which express deep beliefs about the nature and future of society, and they outline ways in which those beliefs are implemented. This budget seems to express only one idea; namely, that government expenditures must be reduced to restore financial health. In my opinion, that's not good enough.

The Legislature needs to adopt a budget and an agenda that creates more economic equality in society. In the last three decades, economic inequality has increased in Ontario. Those with the greatest wealth have increased that wealth; those with the least have lost out. We need to change that direction.

There are three key reasons why a more equal society is the best goal we can set for Ontario. First, a more equal society represents a fairer society for everyone. I suspect there is not a single member of the Legislature who would suggest that a less fair society is better than one that is more fair. Democracy urges fairness among members of society, and fairness requires sharing our wealth in a reasonable fashion. We need policies and programs which strive to achieve more economic equality than we now have.

Second, a more equal society shows better social outcomes. The data for that is in the extraordinary book The Spirit Level: Why Equality is Better for Everyone. If you haven't seen that book, I commend it to you. It's absolutely surprising, the data which shows that, in fact, the more equal a society you have, the better off everyone is, the rich as well as the poor. The data supporting this is summarized in a chart that I think came around with my brief. It's part of a document that a group I'm involved with has put out. The chart shows the more equal societies at the bottom and the less equal societies at the top. As we know, Britain and the United States are less equal than most other countries in the western world. The social outcomes in those are much worse than in those that are more equal. Canada is about in the middle.

Quite simply, people in more equal societies are far less likely to experience mental illness, are less likely to use illegal drugs, are less likely to be in prison. Homicide rates are lower; children do better at school; a smaller proportion of children die in infancy; children experience less violence; and there are fewer teenage mothers. It's really extraordinary. The more equal a society you get, the fewer social problems you have. So the third reason for creating a more equal society is that it entails lower government expenditures.

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What changes can be made to Bill 55 to begin to move in this direction? Given my time, I'm only suggesting two changes, but I think both of them are worth considering. First, amend schedule 67. That's the schedule that deals with the Taxpayer Protection Act. Schedule 67 proposes to exempt the corporate rate of taxation, and I assume it will also include the amendment to increase income tax on those with incomes of more than half a million dollars a year. I suggest a larger exemption which says that any tax change that intends to increase income equality and decrease income inequality should be exempt from this legislation.

Added to that, I think the Legislature should agree to undertake a study that looks at revenue sources. The Drummond report only looked at expenditures, but we need something that's looking at revenue sources, including taxes and tax expenditures, in order to reduce the large gap between those with the lowest incomes in Ontario and those with the highest. Extra income from a fairer tax rate can be used for programs addressing economic inequality. I suggest here that maybe this is the thing that Don Drummond should be asked to do as follow-up to the work he has already done.

The second schedule that I think should be amended is schedule 38. This one's a bit unusual, but it's the schedule that freezes the salaries of members of the Legislative Assembly. I think that to show a real, serious commitment to a more equal society, what you should be doing is calibrating the base salary of a member of the Legislature to the average income of those who are receiving ODSP, Ontario Works and the minimum wage. If you look at what those people get in a year, it averages out to about $15,000. An MLA, as a base salary, earns $116,000 a year, which is about eight times as much.

To indicate our interest in reducing economic inequality, I think it's important to in fact start to calibrate those two things together and reduce this gap gradually, not in order to decrease the salaries of MLAs but in fact to increase the state of people at the bottom of society. I think you should adopt legislation which says that you're going to reduce that gap to seven times this year, six times next year and five times in 2014. It would be a really tangible way of saying, "We want to do something serious about economic inequality," because, in fact, the more we can reduce that inequality and get a more equal society, the better a society we're going to have for everyone.

There are the two changes I'm suggesting: a double-barrelled change to schedule 67 to expand the exemption to allow exemptions for anything intended to increase economic equality, and to authorize a study of revenue sources; and secondly, to amend schedule 38 with a real commitment to reducing economic inequality by calibrating your base salaries to those of people at the very bottom. Thank you very much.

The Chair (Mr. Bob Delaney): And thank you very much, Mr. Sewell. Mr. Shurman.

Mr. Peter Shurman: Thank you, Mr. Sewell. I appreciate your presentation. I'm interested in getting a clearer definition of what "equality" means to you. In a perfect world, does everybody make the same amount of money?

Mr. John Sewell: No, not at all. What I'm trying to do is reduce inequality.

Mr. Peter Shurman: Please be more specific in your definition of what that means so I understand it better.

Mr. John Sewell: Terrific. What I would suggest—really, really simple—is I think it would be good if MLAs didn't get paid any more than five times the average amount that people at the very bottom of the system get paid.

Mr. Peter Shurman: I don't want to get into the issue of MPPs, because it sounds self-serving. But I will tell you this: Number one, contrary to what most people believe, we have no pension whatsoever; and the other thing is we have been frozen for three years already, and this budget freezes us for two more. I'm going to put an amendment forward, by the way—and I'll say it publicly here—that we not be recipients of any kind of raise unless and until the budget is balanced. Why don't you agree with that?

Mr. John Sewell: I don't think that's the issue. I don't think the issue is whether you have to balance a budget before you do something else. I agree that we need more revenue. I think we get that by looking at taxes and tax expenditures, but I think the key thing is making a real move to reduce the inequality that exists in society.

You must remember that when I grew up, when I went to school—university across the street there—the economic inequality in society was much, much less than it is now. In fact, if you took the top 20% of society and compared them with the bottom 20% of society, you'd find that their incomes, the top, were only four to five times higher than those at the bottom. Now, it's more like eight or nine times higher. We've got to reduce that. That's the only way we're going to get a better society.

Mr. Peter Shurman: Interesting, because I think you and I grew up in the same times. I grew up in a relatively modest family; I could even say poor and not be stretching the point. At this point, I'm not a rich man but I'm not a poor one either. No risk, no reward. What do you think of that adage?

Mr. John Sewell: I'm not quarrelling with that at all. The problem is that if people don't have a reasonable amount of income, they don't have a good shot at actually doing interesting and useful things in life. I think we know that really clearly. So the more equality we can get, the better off everybody is going to be. The extraordinary data in The Spirit Level show, in country after country, that in fact the health of even the wealthiest people is better in societies that are more equal than it is in societies that are more unequal.

Mr. Peter Shurman: Last question: In accordance with the chart that you've provided us—and thank you for that—you have this list that's based ostensibly on somebody's statistics. Who or what has created this chart that gives us some level of credibility in the rankings?

Mr. John Sewell: That's a very useful and very important question. One of the things that they do in the book is they make it very clear that the data is not their own. The data is produced by the countries in which they're asking for various bits of data. So they have only analyzed the data, they have not created the data.

The data are very convincing. I strongly urge you—I think this is the coming issue in the next decade. It's going to wash over everyone because it has such extraordinary impacts. You really should look at the book; then you can make some decisions by yourself. But it is not their data; it's data from the countries to which they've gone.

One of the absolutely fascinating things is that if you look at the United States, which generally is the most unequal country in the Western world, the people who are better off are in those states that are actually more equal—the northeastern United States. It really is interesting. So it's not a cultural thing; it's literally an economic thing.

Mr. Peter Shurman: Mr. Sewell, thank you.

Mr. John Sewell: Thank you. I appreciate it.

The Chair (Mr. Bob Delaney): And thank you very much. It's good to see you again, Mr. Sewell. I hope you have a pleasant summer.

ONTARIO HORSE RACING INDUSTRY ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Horse Racing Industry Association, Vel Evans.

Ms. Vel Evans: Good morning, ladies and gentlemen.

The Chair (Mr. Bob Delaney): Good morning. Please state your name for Hansard before you begin. You'll have 10 minutes for your presentation, and this round of questioning will come from the NDP.

Ms. Vel Evans: I'm Vel Evans and I'm here to present the submission on behalf of the Ontario Horse Racing Industry Association. I believe you have copies of our submission or they are about to be distributed.

Specifically, the Ontario Horse Racing Industry Association, on behalf of the Ontario horse racing and breeding industry, would like to express our concerns about the 2012 Ontario budget, the Strong Action for Ontario Act. Our concerns with the 2012 Ontario budget document are related to the proposed modernizing of the Ontario Lottery and Gaming Corp. initiative and the projections for positive revenue impacts from this initiative in 2013-14 and future years. Core to the OLG projections for positive revenue impacts is the proposal to end the slots-at-racetracks program effective March 31, 2013.

There are three points that I'd like to speak to. The Ontario horse racing and breeding industry is very concerned that in the process of the OLG modernization approach the horse racing and breeding industry will be devastated, with significant losses to the province of Ontario in terms of jobs and economic contribution. The Ontario horse racing and breeding industry is concerned that the OLG proposal for modernizing gaming will not realize the contribution to the province of Ontario that has been proposed in the 2012 Ontario budget. We ask that the standing committee recommend that the proposed ending of the slots-at-racetracks program on March 31, 2013, as included in the 2012 Ontario budget document, should not go forward until such time as a detailed analysis of the economic impact of ending the program has been completed by a joint government-industry panel.

Specifically, our submission speaks to certain pages in the 2012 Ontario budget. On page 39, the budget document states, "The Ontario Lottery and Gaming Corp. estimates that its modernization initiatives will generate almost $3 billion in new private capital investment over the next five years while decreasing the need for public sector investment...."

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On page 66, the 2012 Ontario budget document states, in table 1.7, "Impact of fiscal actions," a projection that revenues from the initiative to modernize the OLG will include reductions in revenues of $100 million in fiscal 2012-13, net positive revenues of $200 million in fiscal 2013-14, and net positive revenues of $500 million in 2014-15, for a net three-year positive impact of $600 million.

On page 98 of the 2012 budget document, it states, "Based on OLG's strategic business review, the government has directed it to modernize its operations. In doing so, OLG will maximize its return to government by increasing its revenues, becoming more efficient and broadening the role of the private sector in its operations....” It further speaks to the point that core to this initiative is the end of the slots-at-racetracks program on March 31, 2013.

On page 203, table 2.32 of the budget categorizes revenues to the horse racing industry under “Support for municipalities and Ontario First Nations.” On page 204, the budget states, “Approximately 20% of gross revenue from slot machines at racetracks is used to support the horse racing industry.”

The slots-at-racetracks program was the result of a negotiated agreement between the government of Ontario and the horse racing industry in the late 1990s. This happened at a time when there were very real concerns about extending gambling beyond racetracks and into Ontario communities. The solution was to establish slot machines at racetracks in Ontario, where there was already an instant customer base of gamblers, and existing buildings and capital infrastructure in place.

The agreement wasn’t entered into lightly by the horse racing industry. The industry had very legitimate concerns that slot machines at the racetracks would cannibalize wagering on horse racing. But the agreement that was reached for revenue-sharing with the industry and host municipalities was intended to offset losses on wagering on horse racing while providing an instant customer base on which the OLG could build its business.

For more than 10 years, the slots-at-racetracks program has been a highly successful partnership. In the past 10 years, since 2001, the slots-at-racetracks program has delivered in excess of $9 billion to the province of Ontario, and that’s net of all commissions earned and all OLG expenses.

There are 17 racetracks across the province that are participating in the slots-at-racetracks program, so the economic benefits to this program are realized widely across the province. If you reference the graphic on page 3, you’ll see an illustration of where the various tracks across the province are.

Racetracks that contracted with the OLG to participate in the slots-at-racetracks program provided the capital to upgrade the buildings and facilities to house the slots facilities; and the capital to expand these facilities at the tracks was sourced either from private investment funds or through interest-bearing loans advanced by the Ontario Lottery and Gaming Corp. that were in turn repaid to the lottery and gaming corporation through the racetracks’ share of revenues from the program.

By way of example, in the first two years of the program, by 2001, more than $319 million had been spent on both slot-related upgrades and upgrades to racing facilities for the initial five racetracks that were involved in the program in the first two years.

The share of the commissions as allocated to purses for horse racing has built Ontario into the best horse racing centre in North America. The number of licenses issued for people to participate in Ontario has grown by 22% from 1998, before the slots program, through to the 2008 period.

Of the 10,000 horse owners that have invested in the racing industry—10,000 in 2010—they have an average of $279,000 per owner invested in horses, tack and equipment, and horse-related property improvements to farms in Ontario. That’s more than $2.8 billion in private investment in rural Ontario.

In 2000, the breeding and racing of horses supported 31,000 person-years of employment. By 2010, employment supported by the industry had increased by 12.5%, to 34,800 person-years. So there’s been an additional 4,000 full-time-equivalent jobs added over the decade between 2000 and 2010.

The Ontario racing and breeding industry generated more than $2.1 billion in annual expenditures in 2010, and the majority of those expenditures are in the rural agricultural sector.

The slots-at-racetracks program has been a win-win program for both the province of Ontario and the racing and breeding industry. However, the racing industry has paid a price. The very early concerns that gambling on the slot machines at the racetrack sites would take away from or cannibalize gambling on the parimutuel wagering for horse racing have been a reality. If you look at the graphic on page 5 of the report, you’ll see that in the period from 2002 through 2011 the percentage of purses that are being sourced from commissions on wagering on horse racing has steadily declined. The percentage of purses that has been sourced from commissions on the slots-at-racetracks program has steadily increased. So by 2010 fully 60% of the purses that are supporting the economic activity of the horse racing industry are being sourced from the commissions earned on the slots-at-racetracks program.

The two lead concerns with the proposal presented for the modernization initiative of the OLG and its abilities to potentially realize the net benefits to Ontario that are proposed in the 2012 budget—OHRIA, the Ontario Horse Racing Industry Association, reviewed OLG annual reports from 2002-03 through to 2009-10. At the time that this report was prepared, OLG annual reports for 2010-11 and 2011-12 were not publicly available. However, quarterly performance reports from the OLG are publicly available up to the third quarter of 2011-12. On this basis the following graphs show an indication as reported by publicly available annual reports from the OLG and estimations based on quarterly performance reports published by the OLG.

The slots-at-racetracks program has been a key revenue generator at the OLG since inception in 1999-2000. I would ask that you turn to the charts on pages 6 and 7 of the report—

The Chair (Mr. Bob Delaney): Just to remind you, you have about a minute left.

Ms. Vel Evans: What is obvious when we track what the revenue sources and the business lines are from the four OLG core business lines is that the slots-at-racetracks program is the primary revenue generator for the province of Ontario of the four key business lines in which the OLG is involved. It has consistently delivered positive revenues to the province, year over year, since inception.

Of interest, the resort casino business line is the line of business that has generated a dwindling amount of revenue to the province of Ontario and actually shows a net loss for operations in every year since 2006 through 2010. The loss from the resort casino business line was identified by the Auditor General in the report published in 2010.

I would speak to the graph on page 9, where the concern from the horse industry is that the proposal for the modernization initiative for the OLG is assuming that through the closure of a program that is currently delivering a net return to the province of Ontario of a billion dollars a year and providing purse funds through commissions to support the horse racing industry and 35,000 full-time jobs in the province of Ontario—the suggestion is to transfer to a program that will generate more of its revenues from resort casinos, a line of business that historically has been a loser for the OLG, and eliminate a program that has been highly profitable to the province of Ontario.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Prue.

Mr. Michael Prue: Actually, Ms. Forster.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: Thank you for your presentation. You mentioned early on that the budget states that the government is actually going to generate $3 billion of new revenue with their new OLG model. Has the industry anticipated what revenues are actually going to be lost on the other side by discontinuing the slots?

Ms. Vel Evans: There's an expectation—in the current model, fully 60% of the purses that are the engine for the horse racing industry are generated from the commissions earned on the slots-at-racetracks program. If that were to be eliminated, if you were to immediately shrink the industry by 60% in one year, which is what's being proposed, you're looking at the potential impact of 60% of 34,800 full-time jobs, as well as immediately devaluing the significant investment that people have in horses, property improvements, young horses on the ground that were specifically bred to be active in the racing sector. So there would be a minimum 60% economic hit in one year, if it was strictly linear without any additional impact, and that would be jobs and devaluation of investment.

Ms. Cindy Forster: There are 34,800 full-time jobs?

Ms. Vel Evans: Equivalent full-time jobs.

Ms. Cindy Forster: Equivalent full-time jobs because we've heard the number 60,000 jobs. So that's the 60,000 jobs kind of compressed to FTEs?

Ms. Vel Evans: Correct.

Ms. Cindy Forster: I want to actually turn to the issue of consultation, because the government has certainly said that before they even moved forward with this idea to change the OLG model, there was significant consultation with the horse racing industry, as well as many other stakeholders in the province. Can you tell us anything about that?

Ms. Vel Evans: From OHRIA's experience, there were single-interview consultations with some organizations within the industry, but consultations were certainly not presented in the context of eliminating the program in a single year or analyzing the economic impact of that decision.

Ms. Cindy Forster: Has there been any consultation with the industry since the budget motion passed about a month ago?

Ms. Vel Evans: The industry has been very actively in discussions about the impact of this proposal, and what OHRIA is putting forward is a request to this committee that it recommend that the proposal to end the program on April 1, 2013, should not go forward until such time as there has been a thorough analysis of the impact, which includes both government and industry in the consultation.

Ms. Cindy Forster: You talked about 4,000 new jobs being created in this last decade.

Ms. Vel Evans: There have been 4,000 full-time equivalent jobs created in the decade, and I'd like to speak to the number around full-time equivalent. Because of the nature of the horse racing industry—the fact that it is a combination of an agricultural sector and an urban entertainment product—and because it is primarily farm-based with the production of animals, a very high percentage of the jobs in the industry are seasonal or part-time. From that perspective, there are significantly more individual people impacted by this decision than would necessarily be represented by the full-time equivalent jobs. However, the almost 35,000 full-time equivalent jobs in the industry is a very significant economic contributor to the province.

Ms. Cindy Forster: Thank you.

Mr. Michael Prue: I'm not shocked, but I'm really troubled by the two figures on page 8 and page 9 showing that resort casinos are actually a cash drain on Ontario, and I am appalled that we in the city of Toronto are being subjected to threats, you know, of "build a casino on the waterfront or lose it." Can you tell me, as an example: If the casino was built on the waterfront, what effect would it have on the horse racing industry at Woodbine Racetrack? I think you—

The Chair (Mr. Bob Delaney): You'll have to make this answer very brief.

Ms. Vel Evans: I would suggest that Woodbine Racetrack will be better capable to specifically address what the concerns and impacts will be for their single opersation. What the industry clearly recognizes is that shifting the gambling or wagering customer to different sites away from the racetracks, if it can be achieved in a short period of time—if it can be achieved by April 1, 2013—will have a significant detrimental effect on the horse racing industry.

The concern put forward by OHRIA in this proposal is that the slots-at-racetracks program has been the most lucrative revenue generator of all the OLG business lines over the past decade, and the concept of eliminating that program to replace it with an expansion of a program that has been a net loss in terms of operations—we would suggest that the budget projections that are currently in the budget are not likely to be realized.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation. This concludes our presentations this morning. This committee stands in recess.

I would like to ask our three subcommittee members to stay behind for a brief moment to have a short meeting here.

We'll be back here in room 230 at 3 o'clock. We are now in recess.

The committee recessed from 1004 to 1500.

The Chair (Mr. Bob Delaney): Good afternoon, everyone. Welcome back. We are here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

COLLEGE EMPLOYER COUNCIL

The Chair (Mr. Bob Delaney): Our first presentation this afternoon is the College Employer Council, Don Sinclair, chief executive officer. Please sit down.

You'll have 10 minutes to complete your presentation, followed by up to five minutes of questioning. This round of questioning will come from the government. Please state your name for Hansard, and then commence.

Mr. Don Sinclair: Thank you. Good afternoon, committee members. My name is Don Sinclair, and I'm the chief executive officer of the College Employer Council. I appreciate the opportunity to address the committee on this important piece of legislation and, in particular, we're here to talk to you today about schedule 5 under Bill 55.

The council acts as the employer bargaining agent for Ontario's 24 community colleges and is a not-for-profit statutory corporation governed by the college board chairs and college presidents.

In addition to acting as the employer bargaining agent, the council is statutorily responsible for providing direction, research and counsel to the colleges and their respective boards on the compensation of administrative staff and college presidents.

We are here today to present to you our recommendations concerning amendments to schedule 5, which contemplate an additional two years' compensation restraint for designated executives.

The colleges, as with all broader public sector employers, have just been through two years of wage restraint. Colleges understand the structural financial deficit that currently exists in the province of Ontario. The Drummond report has illustrated the challenges we are facing in the foreseeable future. We are not here today to ask you to undo the wage freeze that is contemplated by the legislation but to request some amendments on behalf of the 24 publicly funded Ontario colleges.

As we understand it, the intent of the legislation is to place a wage freeze on executives. As drafted, this legislation goes further than that by defining "designated executives" by position title. By using defined titles, the legislation creates significant administrative and equity issues as titles don't necessarily align themselves with the executive structures of the colleges' organizational reporting charts, and if I may dare say, it may not necessarily align itself with other employers in the broader public sector.

In examining section 7.3, it is clear that the designated executives include CEOs and boards of directors, along with positions in the executive suite or those who report directly to the head of a designated employer. However, below the executive level, the current wording of the legislation creates inequity within the college sector.

As an example, at certain colleges the chief information officer is not a member of the executive team and/or does not report directly to the head of the institution. In other colleges, the individual holding the position does sit on the executive team and is otherwise considered an executive member.

This legislation will create immediate inequity within the sector if staff is included strictly based on title when the title may or may not be part of the executive level, depending on individual college reporting structures. The current wording will result in unworkable inconsistencies within the colleges' compensation structures.

To include persons based on title rather than reporting structure will create significant challenges with respect to the administration and internal equity of compensation systems that BPS employers have invested significant resources in designing as part of their human resource strategy.

Another example of this issue is the inclusion of deans in the Ontario college sector. While this may be different in the university sector, deans in the college hierarchy are the front-line operational managers who are not part of the executive suite. Deans, along with other academic managers—for example, chairs and associate deans—are front-line, and the college leaders expect and rely on these people to effectively implement innovation and change strategies.

It is inequitable that these key managers be included in the legislation after already being subjected to two years of wage restraint when the faculty and support staff who report to them have continued to enjoy modest wage increases. This has resulted in wage compression and also challenges the colleges' ability to recruit and retain the calibre of candidates required for these positions. These positions are critical to ensuring the colleges are being operated effectively and efficiently.

We would request that the title of "deans" at the colleges be excluded from the legislation.

As previously identified, the wording in the current legislation presents a significant challenge and it is of note that affected BPS employers have already spent scarce public dollars to obtain legal opinions on how this piece of legislation is to be applied and operationalized in the workplace. To minimize potential inequity among administrative staff within the college sector, we have two alternate recommendations for the committee to consider.

One, the freeze should apply to actual executives, i.e., the board of directors, the head of the institution and direct reports to the head who earn in excess of $100,000 annually; in other words, the legislation should be written based on an organization's structure.

However, if the intent is to affect more than just the executive suite, as mentioned above, then we would recommend, alternatively, an income threshold that affects all administrators rather than position titles. A threshold that could be considered is a wage freeze for anyone earning in excess of $150,000 annually.

As the legislation is currently drafted, it is ambiguous and will create unnecessary and inequitable results in the BPS employers to which it applies.

We appreciate the opportunity to comment on this legislation, which will have a profound effect on the compensation practices within our sector, and trust that you will give serious consideration to our proposed changes.

I'm open to any questions through the Chair.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for coming down today. I have no questions for you. I want to thank you, one, for supporting the wage freeze because I think it's important in terms of the stated goal of the government to be able to balance in the next five years.

I very much appreciate the nuances as they relate to the college sector and some of the recommendations and the challenges of the legislation that you've highlighted and the suggestions you've provided. We'll work together to see if there are any solutions that could be found, so I appreciate that. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your presentation here this afternoon.

NIAGARA HEALTH COALITION

The Chair (Mr. Bob Delaney): Our next presentation is from the Niagara Health Coalition, Suzanne Hotte, co-chair. You'll have 10 minutes for your presentation, followed by up to five minutes of questioning. This round of questions will be from the opposition. Please state your name for Hansard and begin.

Ms. Suzanne Hotte: Suzanne Hotte. I'm with the Niagara Health Coalition, and we thank you for the opportunity to be able to do our presentation.

We've been active in the Niagara area since 1999. We're a non-partisan public interest coalition and we're affiliated with the Ontario Health Coalition.

The focus of the presentation is threefold. We're looking at the proposed budget plans to limit health care spending increases to 2.1% annually over the next three years; we're looking at the impact of these plans, budget cuts on health services and access to those services in Niagara; and then very briefly looking at schedule 28 of Bill 55.

Limiting health care spending to 2.1% over the next three years: The provincial government's present approach to health care is at odds with the values and priorities of most Ontarians. This is a big change from the past eight years which saw health spending increase by an average of 6.1% annually as the government attempted to negate, in a way, the impact of $1 billion taken out of the health system during the 1990s under the Harris–Eves governments. If we proceed with the funding cuts, we're probably going to be back in the same place.

In spite of all the increases, we still spend less on health care than almost all the other provinces in Canada. The proposed 2.1% will not match the rate of inflation, so we're actually seeing a decrease in health care funding, and that's going to put us definitely at the bottom of the provinces.

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In fact, heath care spending has been shrinking, not growing, as a proportion of Ontario's spending for the last decade, and the result has been that hospital beds have been closed at an alarming rate. Health systems, the LHINs and the Ministry of Health, try to reassure people that they shouldn't worry because we have home care, aging-at-home initiatives and long-term care. Despite these claims that care is being moved into the community, what we're actually seeing is that home care is also shrinking, not growing, as a proportion of provincial health spending.

Just to give you an example, between 2004 and 2008, according to the Auditor General, what we had were total expenditures for home care increasing from $1.2 billion to $1.76 billion, and that sounds great. However, the number of clients increased from 350,000 to 586,000, which meant a 66% increase, and the funding had increased by only 40%, which meant that funding per client actually decreased 14% over this period.

The most hurt through the decades of health restructuring have definitely been the seniors. If we look at wait times for long-term care outside of hospitals, it has been very, very high. We have over 24,000 Ontarians right now waiting for placement, and the wait times can be seven months to a year. What we need is a firm commitment to build more beds in order to reduce present wait times.

The budget also promises to increase overall funding for nursing homes, but we're concerned about the announcement of more flexibility within long-term-care homes' funding for operators to spend money where they choose. Since most of them are for-profit, I really worry that these monies would go to improve their bottom line and not improve services, food and staffing in the homes.

In terms of hospital beds, we've seen a loss of 18,500—huge losses in the 1990s in terms of critical, acute and chronic hospital beds. The financial constraints during the 2000s have forced hospitals to reduce beds and services in order to reduce their staffing levels, and that has represented all kinds of problems. We now have the highest level of hospital occupancy of any jurisdiction where data is available. Hospital overcrowding risks the health and safety of patients, and we have the well-publicized emergency backlogs—and the list goes on.

When we look at this, what has been happening to Niagara—we're the worst-case scenario. If you want to know where health care is going to go, just have a look at what has happened in the region of Niagara. We lost over a third of our beds between 1989 and 1999. I have an appendix to show it. In the same period of time, long-term beds only increased slightly. We saw a decrease of 43% in the number of our acute-care beds and a 25% drop in chronic-care beds.

The reduction in beds continued in 2000. Just to give you an idea, between 2000 and 2010 the number of beds in the Niagara Health System went from 942 to 730. By 2012, it was down to 649. They've closed two hospitals in communities with populations of well over 20,000. The ERs in the three remaining hospitals consistently have wait times of over 18 hours for complex care. To save money, they even went to a private management company for housekeeping and cleaning. I think everyone here is very well aware of the difficulties that we've had with C. difficile, where we have well over 100 people who were infected and more than 32 who died. It's very difficult to determine, because a fair number of them went back home, came back and passed away. We still have the problem of C. difficile, especially in the Greater Niagara General.

We have an independent supervisor now, and guess what? He's looking at these proposed budgets and he has known that this is going to happen, and what is he proposing? He's proposing to close two more hospitals, Welland and Niagara Falls, and build a new one. Well, isn't that great?

Let's have a look at the population. Niagara Falls and Fort Erie have a population of 112,000. Welland, Port Colborne, Wainfleet and Pelham have a population of over 107,000. So, what do you mean? You're going to build one hospital to serve over 200,000 people? That doesn't make sense to me, and people have to travel long distances. We don't have public transit. They're all individual cities.

Then, let's have a look at the delay for the construction of the West Lincoln hospital. First of all, they said it's cancelled. They were ready to put the shovel in the ground. That hospital is pretty well falling apart. If you don't fix it, what happens? If we don't rebuild, what happens? The services are going to be taken out. They're going to go to a larger centre such as Burlington, at the Brant, and next thing we know, we have a whole community of Grimsby, West Lincoln, Lincoln that will not have a hospital. That's ridiculous.

We have over 1,000 people being assessed and waiting for long-term placement, we have another 1,500 waiting to be assessed and we don't even have the number of beds that we were supposed to be allotted. So we have a real problem.

Our demographic is getting older. In fact, some of our communities—a few have more than 20% of their population over 65. So we really have to work on this and make sure that there are the long-term-care beds available, and make sure that we fund—

The Chair (Mr. Bob Delaney): Just to remind you, you have a little less than a minute to go.

Ms. Suzanne Hotte: Okay, all right.

In schedule 28, I can't imagine why the government, which has no mandate to privatize a public service, since it has run in previous elections promising to uphold public interests—if we look at this Ministry of Government Services Act, it gives the cabinet sweeping powers to authorize contracting out or privatization of all or any of Ontario's services.

There's also a problem with the proposed Annex II. How come health care is not in that annex? CETA is there, and if it comes through, then it's very easy to privatize health care. Thank you.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Shurman? Sorry. Mr. McNaughton.

Mr. Monte McNaughton: Thanks for your presentation today. I just wanted to touch on a few points and get your opinion on a few things.

With regard to the West Lincoln hospital that you were discussing a moment ago, do you think that the decision to cancel it may have been a political decision on behalf of the government?

Ms. Suzanne Hotte: I'm not going to go into some people's heads to figure out what the rationale is, but definitely that was not the right decision. The community has their money. This hospital has been promised and the shovel was ready to go into the ground. So you can draw your own conclusions.

Mr. Monte McNaughton: Regarding emergency department closings in the Niagara region, how many hospitals had their emergency departments closed? Was it one or two?

Ms. Suzanne Hotte: Two: Port Colborne and Fort Erie.

Mr. Monte McNaughton: What has been the impact of these closures on patient care and on families in that region?

Ms. Suzanne Hotte: Well, both of these hospitals are right along the shore of Lake Erie, so they do have to go to Niagara Falls and Welland.

Oftentimes when we're listening to weather reports, we hear what's happening along the Bruce and the coast of Lake Erie, Kincardine, and we're saying, "Oh, the roads are closed." Well, guess what? We have the same type of weather systems occurring in the southern tier. There's no public transit, so it's very difficult to get there. The cost is exorbitant. The ambulance cost if you're taking OPT—the transfers—can cost you $300, $400, $500 to get to the emergency or back.

So it is a huge problem, a very big, significant problem, and these are areas—Fort Erie has one of the youngest populations. If you look at the demographic of people under 15, it's very, very high for the Niagara region. So you have a lot of young families, and they need—you know, kids are kids, and you end up going to the hospital often. In Port Colborne, you have a significant elder senior population.

Mr. Monte McNaughton: So, in your opinion, it's impacting patient safety?

Ms. Suzanne Hotte: Oh yes, definitely.

1520

Mr. Monte McNaughton: Just one final question. You said in here, "There needs to be a greater level of scrutiny and oversight in order to ensure that billions of tax dollars are not wasted as seen with Ornge and electronic medical records. LHINs should be reviewed." Can you go into detail?

It's my understanding that the government has sort of kicked that review can down the road, and I just wondered why, in your opinion, it's important that those LHINs are reviewed publicly.

Ms. Suzanne Hotte: Well, there has never been a review. They were supposed to have a review and they sort of pushed it aside and said, "We'll have it later," and it hasn't occurred.

When I look at our LHIN, what I've seen in the past six years has been an increase of the staffing levels. I think it started off with, like 18, then it went up to 22, then 34 and now I think it's up to 38. That's a substantial number of people that are working there. You have the administration. A lot of the LHINs built new facilities instead of renting. We have a facility in our LHIN that probably cost close to $1 million.

When you look at the compensation for the people in the LHINs—and where does the personnel come from? Well, they come from the Ministry of Health because they've been let go. So I think all around, you're having duplication. You could have a smaller workforce doing the work that all these various LHINs are doing presently.

Mr. Monte McNaughton: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for coming in today and for making your presentation before us.

Ms. Suzanne Hotte: Thank you.

The Chair (Mr. Bob Delaney): Is the presentation from Greenpeace Canada in the room? Okay.

CANADIAN FEDERATION OF STUDENTS

The Chair (Mr. Bob Delaney): The Canadian Federation of Students, Nora Loreto, Sarah Jayne King.

Welcome. I think you've timed your arrival very well. You'll have 10 minutes to make your presentation before us, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Would you please begin by stating your names for Hansard, and then commence.

Ms. Sarah Jayne King: Sarah Jayne King.

Ms. Nora Loreto: My name's Nora Loreto. I'm the communications and government relations coordinator for the federation.

The Chair (Mr. Bob Delaney): Go ahead.

Ms. Sarah Jayne King: Excellent. I'm the Ontario chairperson for the Canadian Federation of Students, which is the oldest and largest student organization in the country, representing 600,000 students across the country, over 300,000 of which are in Ontario.

We're very excited to be here today to present to this committee. As you know, higher education has been a big issue in Ontario for quite some time but especially this year. We've seen a lot of student action, be it what is going on in Quebec, be it the student rallies that have been organized in Ontario, the petitions collected, as well as occupations that students have actually staged as well.

We're at a point in Ontario right now where we actually have the highest tuition fees in the country and the lowest per-student funding. We're at a crisis point in Ontario, and after being promised a 30% reduction in tuition fees during the election by the Liberals, students are feeling less than thrilled about the current post-secondary education climate because the grant that has been proposed actually has affected far less than one third of students and is not truly a 30% reduction for students.

We have a series of recommendations for you today. As creative as we are as students, we've actually found a way to save you—actually, a cost-neutral set of recommendations. We have 10. A couple of them cost you money, a couple of them save money and a couple of them don't cost anything at all. So we're hoping that you'll be able to see the value in these recommendations and implement many, if not all, of them as they are all highly implementable and, as mentioned, will actually be of great benefit to Ontario and to this budget.

If you'd turn right to the next page here of the document, the photo on the left there is actually taken from this year's February 1 rally. We had a national day of action this year. It's the first time in about five years that there was a national day of action. Thousands of students were on the street across the country calling for changes in higher education, calling for a national vision. In Ontario, we were also speaking a lot about the Liberal promise, the 30% reduction in tuition fees. A lot of students were very interested in rallying and in showing popular support for changes that we need to see in higher education.

We'll take you through the recommendations fairly quickly here, understanding that we don't have a ton of time. I'll start off with the first two, which are around tuition fees, which, is of course, the most significant issue that students in Ontario face. We know that tuition fees are the number one barrier to access when it comes to education. Students will cite, if they have not chosen to attend post-secondary education, that the reason that they have not is because tuition fees are too high, because the cost of education is too high.

Our first recommendation will not be a surprise to most people here. It is that we'd like to reallocate the funding that was put aside for the Ontario tuition grant to an across-the-board tuition fee reduction for all college and university students. There have been many flaws with the implementation of this program, and we actually have seen that the administrative costs are likely high; a lot of the administration is also on the institutions themselves.

We also know that at this point 60% of the one third of students who are eligible in this province for the grant have actually received it. We're seeing that almost 80% of students have not received any money from the Ontario tuition grants to date. We would like to see this applied across the board. This would be the equivalent of a 13% tuition fee reduction for every student in the province of Ontario at all levels.

The second recommendation would actually allow us to see a 25% reduction in tuition fees for students in Ontario, which would be very close to what students were expecting this year. The proposed revenue gained through the 2% increase on high-income earners, if applied to tuition fees at our institutions as opposed to the deficit, would see an increase in the amount that we would reduce tuition fees by an extra 12%, which would bring us to 25%, and that's indicated on page 7, as you can see, where there's a bit more detail on some of the recommendations.

On student financial assistance, which is obviously extremely important when we do have high tuition fees, we have a couple of recommendations to improve the system, acknowledging that tuition fees are not going away in the next year.

Recommendation 3 proposes to maintain the funding for the Ontario work-study program. This is funding that is being cut from the current budget that we would like to see maintained. Institutions and the government split the funding on the work-study program. Institutions currently take on about half of the cost, and the rest is government-funded.

This program provides jobs to students. It actually provides jobs to students in financial need. So students who really need work experience can work on campus, sometimes in the field of their study. They're very much sought-after jobs and they provide much-needed income for students in financial need. With the government funding being removed from this program, it will put larger weights on the institutions, and what we'll see, I think, is that the institutions will not be able to maintain the program. It will not be sustainable. So we'll see a decrease in the amount of jobs available on our campuses, which will have an extremely negative impact on our students, and we'll see student jobs lost.

The fourth recommendation is to eliminate interest on the Ontario portion of OSAP. Basically, what we see, with the amount of interest that students have to pay over many years, is that students who have to take on loans, students who are in the highest need, actually end up paying more for their education than students who are able to pay upfront. The cost of that would be $5 million to $15 million per year—it's unclear, exactly—and we would like to see that implemented as well.

Recommendation 5 is simply to reallocate provincial education tax credits to needs-based financial assistance. This is not new. This is something that we've been asking for, and we really are firm in our belief that an up-front grant system is much more sustainable and much more fair to students in Ontario.

Recommendation 6 sees the elimination of the Higher Education Quality Council of Ontario, to redirect this funding of about $5 million to additional Ontario graduate scholarships. Ontario graduate scholarships are extremely—there are not very many of them available, and we need to see an increase in those. We have seen some increase, but there are very few available for the amount of graduate students we have in the province. Students are united in understanding the flaws with HEQCO and would like to see the elimination of that to redirect this funding to true graduate research.

1530

Ms. Nora Loreto: Recommendation 7 is one recommendation that we share with many organizations across Ontario; it's to extend the purview of the Ontario Ombudsman to the university sector. The Ombudsman currently can investigate complaints based on the Ontario Student Assistance Program and colleges, but university students do not have that protection. We think that this added measure of accountability would be critical to making sure that we are able to respond to the issues that students raise within the universities.

Recommendation 9, I think, might be a popular one with some folks in the room. We think that administrative salaries are ballooning. This past year, the Governor General of Canada made $600,000 from the University of Waterloo despite working there for no days. He made the most of any person in the sector. We think that putting a cap on the salaries that people can earn in the post-secondary education sector would be a fair way to deal with these ballooning administrative costs and to also try to bring these costs back to the student pocket.

Finally, recommendation 10: We firmly believe, as an organization, that part of the success of the students in this province is having a strong northern Ontario economy and education system. We absolutely oppose the divestment of the Ontario Northland Transportation Commission, the ONTC. Our members are quite nervous about what's going to happen to their ability to travel to and from school. There's a lot of nervousness about the inability of students from southern Ontario to study at northern colleges and universities, and we think that this is going to have a direct negative impact on the institutions there.

The Chair (Mr. Bob Delaney): You have about 30 seconds.

Ms. Nora Loreto: That's it. Those are the 10. We recognize that they're kind of a whirlwind, and we obviously would be happy to take any questions. This is a snapshot of what we're calling for right now. We firmly believe that eventually this province needs to move to a model of free higher education. Recognizing the current fiscal constraints, we think that this is a highly reasonable set of recommendations.

The Chair (Mr. Bob Delaney): Thank you. Ms. Forster.

Ms. Cindy Forster: First, I want to thank you for being here and for taking the initiative to put together a great report and to come here with solutions and not just air your concerns—and for wearing your red patches. Last evening, I actually got to observe a very peaceful demonstration at Bloor and Bay, and it was quite interesting.

I have just a couple of questions for you. I understand, at least from talking to students in my community, that a lot of students are having to go to food banks and that there are a lot of students who are living in poverty. I wanted you to expand a little bit on that if you have some stats or some information you can share with us.

Ms. Nora Loreto: Sure. We made a submission to the comprehensive social review to try and identify some of the places where if you're on social assistance, ODSP or Ontario Works, how you actually have your OSAP and some grants clawed back. Student poverty is absolutely an issue that we are very concerned about. We see our members on the ground raising this issue to us, plus the proliferation of food bank use on campus.

I think one of the worst aspects of the so-called 30-off tuition fee reduction is it's actually not available to the poorest 30,000 students in Ontario. Anyone receiving an access grant is, by definition, among the lowest-income students in this province, and 30-off will not go to those students.

This budget has also recommended to remove the Ontario special bursary for students living in subsidized housing. It's a bad news budget for students who are poor, and I think we can all agree that higher education is going to be the thing that alleviates people from poverty and allows them to have some social mobility in their lives.

Ms. Cindy Forster: What percentage of students actually have part-time jobs or have jobs that earn enough income to actually allow them to take advantage of the tax credit system?

Ms. Nora Loreto: Okay. Well, you have to make about 20 grand, at least, to be able to get anything back in your taxes. To have it be significant, it has to be higher than that, of course. There are very few students who are making a full-time wage when they're studying, and the students who are making close to a full-time wage are also unable—if they're working full-time, they will be unable to get the Ontario loans, OSAP. So there's a disincentive to go to school part-time because you can't get student loans, and then there's a disincentive to not work full-time because it's too expensive. We know, statistically speaking, that high-income parents are benefiting from tax credits, but when you show up in September to your financial aid office to pay your tuition fees with tax credits, they tell you to leave and give money, not tax credits.

Ms. Cindy Forster: My last question is: A number of students have raised concerns with me about part-time teachers, part-time professors, at the university and the kind of low wage that they're paid. How does that actually impact your education?

Ms. Sarah Jayne King: It's a quality issue for sure, as well as an employment issue. A lot of professors in part-time positions or on contract are actually facing job security issues, and many of them have to travel between universities or between colleges to actually afford their livelihoods. Students have less access to them in the classroom, so it really affects the quality of our education. We also have the highest student-to-prof ratio in the country; that is to say that you have even less access to your teaching staff in Ontario.

Ms. Nora Loreto: Actually, just to expand on that: There are 17% fewer full-time college faculty members in the province today than there were in 1995, despite the fact that enrolment has surged. This province is going to have a very difficult time with college sector bargaining, I think, which has started and which does threaten the start of the new school year because we have starved the system of funding.

The Chair (Mr. Bob Delaney): Thank you vey much for having come in today and for making your presentation.

GREENPEACE CANADA

The Chair (Mr. Bob Delaney): Our next presentation will be Greenpeace Canada: Catharine Grant. Sit anywhere you wish. All the microphones work. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will be from the government. Just pass your material to the clerk for distribution. Begin by stating your name for Hansard and then proceed with your presentation.

Ms. Catharine Grant: My name is Catherine Grant. I am here representing Greenpeace Canada and I would just like to thank the committee for the opportunity to speak today. I work on boreal forest issues for Greenpeace. As you may know, Greenpeace is the largest environmental organization in Canada. We work on a variety of issues with a focus on preserving biodiversity in our forests and oceans as well as action on climate change. We're an independent organization and our work relies primarily on donations from individuals. We do not accept donations from governments or corporations.

Today I would like to talk about some of the implications that the budget bill has for the environment. We'll be submitting something in writing in more detail, so I'll just be brief today.

Generally, the concern we have is that Bill 55 proposes changes to no fewer than seven environmental laws. Many of these changes have very far-reaching impacts on how natural resources and public lands will be managed. One of the slides here in front of you lists all the environmental laws which are impacted by the budget bill. You have the Endangered Species Act, the Provincial Parks and Conservation Reserves Act, the Crown Forest Sustainability Act, the Public Lands Act, the Fish and Wildlife Conservation Act, the Niagara Escarpment Planning and Development Act, and the Lakes and Rivers Improvement Act.

Of particular concern to Greenpeace are the changes to the Endangered Species Act and the Crown Forest Sustainability Act in the budget bill, and I'll just highlight two of the main concerns here. In the Endangered Species Act, there will be the removal of legal tests from section 18 of the Endangered Species Act. These legal tests are: overall benefit to the species, minimizing harm, and consideration of reasonable alternatives. Basically, removing those legal tests from the ESA will allow development to proceed that will harm a species or its habitat.

In relation to the Crown Forest Sustainability Act, our major concern is the removal of the requirement for a forest company to adhere to provincially defined harvest limits or a government-approved forest management plan. You may or may not know that the way forestry has been done in this province is that there absolutely has to be an approved forest management plan for any logging operations that take place. The changes in the budget bill could open up exemptions to this.

The ecological implications, I think, are quite serious. We're looking at less protection for threatened and endangered species, despite the fact that Ontario has more species at risk than any other province in Canada, as well as less government oversight of industrial development on public lands. We think this means higher risk. All this at a time when science is telling us that biodiversity and ecological processes are under serious stress at a global level and that the earth's ability to support life is currently being compromised. Greenpeace is very concerned that some of the proposed changes in the budget bill will actually put our public lands and environment at great risk.

1540

I want to talk for a moment about the process implications of the changes to environmental laws in the budget bill. Since 2003 in Ontario, we've had the Environmental Bill of Rights which requires broad public consultation for any changes to environmental or natural resource laws in the province. However, because Bill 55 is a finance measure, the changes to environmental laws do not have to go through this formal Environmental Bill of Rights process. This, I think, is troubling from a democratic perspective. For the last 20 years, citizens have had the right to participate in environmental policy-making through the EBR, and I think that this budget bill is a step backwards, as individuals and communities really haven't had a chance to have a say in these changes.

Turning to some of the economic implications, I just wanted to mention that in our experience—and Greenpeace does engagement in the marketplace—large companies that consume natural resources, like paper products and so on, want to know that the products they buy are sustainable, especially in the North American and European market. They basically want to be able to tell their customers that they're green. They don't want to be associated with controversy. My concern is that if Ontario does not have functioning laws to protect species at risk and to properly manage forests it's going to be a red flag for these companies. There are companies like Rona, Office Depot, Lowes, Kimberly-Clark, Globe and Mail, and Indigo that all have policies in place to avoid sourcing materials from controversial areas. These are companies that Greenpeace and other environmental organizations are in touch with regularly. Our concern, basically, is that Ontario forest products, for example, will be less competitive in the expanding green market because these laws are being potentially undermined, that there will be additional controversy surrounding Ontario resource use. We know that Canadian customers actually care about products being green and will notice this.

I'm just going to briefly touch upon what we think are some considerations for the committee. We basically believe that the majority of changes to environmental laws contained within the budget bill will cause damage to the environment and contribute to controversy within the marketplace. We think that because they haven't been subject to broad public consultation under the Environmental Bill of Rights that they should be pulled from the budget bill. If the government wants to introduce them as stand-alone bills then at least that will give people in the Legislature the chance to fully debate them and will give the public a chance to have input through the Environmental Bill of Rights. We believe that the changes are damaging and, unfortunately, have bypassed this important law, as I mentioned, the Environmental Bill of Rights.

As I mentioned, Greenpeace will be submitting more detailed comments. In the meantime, if you have any questions, that's great.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Ms. Grant, for coming and for your submission. We look forward to receiving your written submission as well, hopefully with more information and more detail.

Thanks for mentioning some of the schedules that are incorporated. There are some other environmental measures as well that are part of Bill 55, and I wanted to get your views on them. One of them is there's a proposal to increase water-taking charges for commercial and industrial water users, which will incent businesses to better conserve water and ensure more efficient and sustainable processes. Is Greenpeace supportive of that initiative?

Ms. Catharine Grant: To be frank, I haven't turned my attention to that at all. I think part of the issue is that some of the other changes were so striking to us that we've really focused our attention on trying to get the message across that in particular the Endangered Species Act and the Crown Forest Sustainability Act are being undermined significantly.

Mr. Yasir Naqvi: So perhaps, if you can, when you do your written submission, if you could have a look at it.

Ms. Catharine Grant: Absolutely.

Mr. Yasir Naqvi: The other one I also want to bring to your attention is that the budget proposes increasing fees for hazardous waste as well. Those fees have not been updated since 2002. The government has felt, obviously, that increasing the fees will provide greater incentives to reduce or recycle waste. So I'm hoping or assuming that Greenpeace will be supportive of that initiative.

Ms. Catharine Grant: Again, we'll have to take a look.

Mr. Yasir Naqvi: Lastly, and this is something you may know about, is that we had introduced in Ontario a clean energy benefit. In this budget we are proposing a cap of 3,000 kilowatts, in terms of the benefit, which will exclude large users of electricity from getting the advantage of that 10% discount. Is that measure supported by Greenpeace?

Ms. Catharine Grant: Because I work primarily on forestry issues, these are things, as I mentioned before, that I haven't had a chance to look at. I'm happy to do so, and we can include comments in our written submission. But regardless of whether—you know, I think the increase in user fees in some cases does make a lot of sense in these kinds of financial times. However, I don't think deregulating other aspects of environmental protection is worth it in return.

Mr. Yasir Naqvi: Thank you very much. I look forward to your written submission.

The Chair (Mr. Bob Delaney): And thank you very much for having come in to present to us today.

COMMUNITY ACTION GROUP ST. MARYS, ONTARIO

The Chair (Mr. Bob Delaney): Our next presentation is by teleconference. We have on the line Gayle Pounder, chair of the Community Action Group from St. Marys, Ontario. Gayle, are you there?

Ms. Gayle Pounder Beattie: Yes, I am.

The Chair (Mr. Bob Delaney): Welcome, in virtual terms, to our committee deliberations this afternoon. You'll be speaking to us for up to 10 minutes, followed by up to five minutes of questioning. In this round, the rotation will go to the Progressive Conservatives. Please begin by stating your name for Hansard and then proceed with your presentation.

Ms. Gayle Pounder Beattie: Before I begin, I would like to thank you for this opportunity. My name is Gayle Pounder Beattie, of the Community Action Group of St. Marys, Ontario, which was formed in November 2009.

I chose to live in St. Marys, living in Stratford most of my life, because of their hospital, which had an excellent reputation, and because the health of my daughter was precarious and she often required emergency care. I think we were in St. Marys three weeks before our first visit to the emergency department.

St. Marys Memorial Hospital was built by the community as a remembrance and thank you to the veterans who lost their lives in World War II. It is an integral part of our small, rural community. In the early 1990s, St. Marys lost many services under the cutbacks of the Conservative government, some of them being the operating rooms—newly built not that many years before they were closed down—and our maternity ward. The community rose to action and refused to allow the hospital to be closed entirely, and had to agree to the above cuts to keep the remainder.

St. Marys Memorial Hospital is one of four hospitals that belong to the Huron Perth Healthcare Alliance. It is under the Huron Perth Healthcare Alliance that the hospital once again becomes in danger under their Vision 2013, a document which is centralizing services within the HPHA and their four hospitals.

In November 2009, Vision 2013 changed the number of hours the ER would be operational, as well as the number of acute-care beds. We are slated to lose five acute-care beds and gain 10 continuing-care beds, which at the outset does not sound very significant. But our main concern is that we will eventually lose all our acute-care beds and become continuing-care beds, which then eventually roll into long-term care. We were to lose our in-house rehabilitation, which was to be moved to Seaforth, a 45-minute drive from St. Marys, and very difficult for a stroke patient to navigate if suffering symptoms that make it possible for them to drive daily for rehab.

When we presented to the LHIN in 2010, we argued at the cuts suggested by the HPHA, which they suggested would provide better quality of care and that the health system in our area needed to centralize to provide better care at less cost. I have discovered over the last three years that health care spending is out of control. The real problem is on the revenue side.

1550

Ontario has engaged in the most prolonged and deepest tax cuts in the country. These tax cuts have mainly benefited the wealthy and corporations, and the evidence showed that they have not resulted in increased business investment. Despite this, the McGuinty government has refused to look at revenue options to restore greater tax fairness and sustainability—two significant tax loopholes in the employer health tax which, if closed, would create a more equitable funding system and generate $2.4 billion per year to help alleviate some of the cost pressures in the health system.

Ontario ranks eighth out of 11 provinces in health spending. We are one of the larger provinces, yet spend only $3,911.70 per person on health care. Although there are repeated claims about moving patients into the community, the evidence shows that home care funding is declining as a share of provincial health care spending. In the 1990s, home care funding was 5.47% of Ontario health care spending. By 2010, it had declined to 4.13%.

Also, we have lost 18,500 hospital beds as we centralize services within alliances that include smaller hospitals. It makes one wonder, then: Is our shortage of health care beds a lack of funding, or is there another reason? There are 30,000 people waiting for long-term care in Ontario. Our overcrowded hospitals are fourth from the bottom in all countries. What are we doing about it? The McGuinty government is trying to pass Bill 55. Schedule 28 threatens public health care and core services.

The Chair (Mr. Bob Delaney): To remind you, you've got about one minute left to go.

Ms. Gayle Pounder Beattie: Okay. Our small community hospital serves a large senior population.

I am asking you to vote against Bill 55, to listen to the members of small and rural communities.

In closing, I would ask you what you would like your family member to experience, whether they are young or old. I strongly believe that there are better solutions than privatizing more health care services, making rural and small community members travel farther and farther for care, to protect small, rural hospitals from cuts, because larger hospitals in the corporation or alliance are cutting off the appendages because they want to centralize care. Rural hospitals need protection under the legislation for a basket of services, and we hope that you—

The Chair (Mr. Bob Delaney): Ms. Pounder, I have to stop you there. Thank you very much for your deputation. Mr. Shurman from the PC party has some questions for you.

Mr. Peter Shurman: Thank you very much for your presentation, Ms. Pounder Beattie. Or may I call you Gayle? It might be easier.

Ms. Gayle Pounder Beattie: Yes, it is easier.

Mr. Peter Shurman: Okay. First of all, I want to tell you that you're asking us to vote against Bill 55. I can tell you clearly that the government is going to vote for Bill 55 because it's their bill, and I can tell you clearly that my party, the Progressive Conservatives, will vote against Bill 55. So you might want to address yourself to the NDP, but it's not their turn.

I'll address myself to you: Priorities, really, are what governments have to determine. You clearly have determined that the priorities are wrong. I don't want to put words in your mouth; I want you to amplify on this. You've determined that the priorities are wrong in this particular instance. I want to tell you, before you comment on what I'm putting to you, that I am the last person who's going to be an apologist for the McGuinty government, but revenues, which you claim are the problem, have risen every single year in the history of Ontario. Even in the 2008-09 fiscal year, revenues rose. My party says that it isn't a revenue problem; it is a spending problem, because the McGuinty government wants to give everybody everything, and you seem to find yourself on the short end of the stick. Would you like to comment on that?

Ms. Gayle Pounder Beattie: I think that from our involvement, looking at this, as I am a business person, and looking at it as I would from a business, if the revenue is increasing but more spending is happening, then we are never going to get ahead from where we are. From what I have seen over the last three years, administrative costs are growing rapidly within our health care system, but patient care costs are not rising enough to keep up with the people. As they're cutting back services, the revenues are going to other things than patient care.

Mr. Peter Shurman: Let's talk about the business of re-prioritization, or what the government likes to call transformation.

Ms. Gayle Pounder Beattie: Right.

Mr. Peter Shurman: Their argument—and again, it's not for me to put words in their mouth or apologize for anybody. I'm simply giving you my understanding and wondering what your understanding is. They say that by maintaining approximately a 2% increase on health care spending and transforming services and the delivery model, they can give you better health care services at that level than what you're getting now. You clearly disagree.

Ms. Gayle Pounder Beattie: Yes.

Mr. Peter Shurman: Okay, well—

Ms. Gayle Pounder Beattie: I disagree because after researching the United Kingdom health care, which is the model that the McGuinty government appears to be following, it is not working. No matter what they're putting in, no matter what they're centralizing, no matter what they're cutting, it is not working.

If they could look at it and maybe cut back on administrative costs, or try stopping to cut patient care—even though baby boomers are the buzzword within health care, you can't cut 18,500 beds out of health care and not have overcrowded hospitals.

Mr. Peter Shurman: Can I deduce from this that what you're recommending is not so much that we not pass Bill 55 but that health care spending be increased, regardless of what it takes to do that?

Ms. Gayle Pounder Beattie: What worries me about schedule 28 of the budget is it pushes towards privatization of care. We already have many privatized services that were carried out within the hospitals. Some hospitals are now having blood work—there are hospitals up north, St. Joseph Island, where patients are having to travel 85 miles and pay for blood work that used to be done in the hospital.

Privatization is a huge concern of mine. It has happened out in British Columbia. I am definitely for a health care system that supports all members of our society, not just those who are able to pay for privatized care.

Mr. Peter Shurman: Gayle, thank you very much. I appreciate it.

The Chair (Mr. Bob Delaney): Thank you very much for having called in for your presentation this afternoon.

Ms. Gayle Pounder Beattie: You're welcome. Thank you.

ST. MARYS AUTO GROUP

The Chair (Mr. Bob Delaney): Our next presenter will be St. Marys Auto Group—Chris West. Good afternoon and welcome.

Mr. Chris West: Thank you very much.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation before the committee this afternoon, followed by up to five minutes of questioning. In this rotation, your questions will come from the members of the New Democrats.

Please state your name for Hansard, and then commence.

Mr. Chris West: My name is Chris West. I'm president of Downtown Pontiac in St. Marys. I'm here specifically with the intent of trying to save our hospital in St. Marys—a little bit of a different approach from Gayle, who preceded me.

I'm here because the hospital suits not only community needs but business needs, and as a business person, we have to have a hospital in St. Marys. If we do not have a hospital in St. Marys, it will definitely have a severe impact on the economy and send a lot of businesses out of town, close businesses down, and prevent other businesses from coming to St. Marys.

Sixty-five years ago, at about the same time that the allies were storming on to the Normandy beaches in 1947, the St. Marys Memorial Hospital became a reality. It came into reality as a result of blood, sweat and tears. The community gave up what they wanted for what they needed in a hospital in St. Marys.

Much of the funding was from the community. When there's a job to do in St. Marys, the people rally and get the job done.

In 1948, land was acquired for $16,000, followed two years later by a building project for $265,000; an expansion honouring one of our former Prime Ministers, Meighen, in 1960 for $340,000; a further expansion for a new wing at the hospital in 1981 for $1.3 million; another expansion in 1992 for $1.5 million, $500,000 of which came from the provincial government; and in 2001, $373,000 invested for X-ray equipment. So there's been a tremendous amount of money invested from the community and from businesses in St. Marys for this hospital. As Gayle said, it was built to honour the veterans of World War II.

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On March 31, 2003, the St. Marys Memorial Hospital Foundation had a fund balance of $6.9 million. That's aside from the assets of the hospital, and that will give you some sort of an idea of how much money was put in by the community.

In 2003, a decision was made to become part of the HPHA. At St. Marys, we are not opposed to change. If it's a positive change, we're all for it. We made the change to go with an alliance, feeling that it would be a good thing for the community and a good thing for business people.

Between 2004 and 2005, $5.7 million of that $6.9 million was transferred from the St. Marys Memorial Hospital Foundation to the HPHA.

Today, the St. Marys hospital is a tremendous asset for the community. As I said, it was built in memory of World War II veterans, and most of the money that's gone into the hospital is a result of the community. It's a very, very efficient hospital. One of the charts in the appendix will show you the amount of health care spending for St. Marys residents as opposed to the other three in the group. If you take a look at the hospital today, like I say, it's very efficient. It has a great record of taking patients in, making them better and sending them back home again, which really mitigates costs.

It has a recreation centre at the back of it, a YMCA, which obviously helps mitigate expenses to the health care system. Roughly 7% or 8% of the St. Marys population are members of that.

The population of St. Marys continues to increase. The St. Marys and rural population is around 10,300. There is a tremendous exodus of people moving not only from London, which is about 450,000 within about 25 minutes of St. Marys, but even from Toronto. There are a lot of people moving into that area. So it's an area that's growing. The commutershed population is 800,000, so there's lots of action in the area. Within 100 kilometres of St. Marys, 50% of the agriculture for the province of Ontario occurs in that area. So it's an industrial area; it's a farming area; it's a tourism area. It's an area that needs a hospital.

I'd open it up for any questions you might have.

The Chair (Mr. Bob Delaney): Thank you very much. Ms. Forster?

Ms. Cindy Forster: What's the closest acute-care hospital—I know that St. Marys is still acute-care. How many acute-care beds do you have left?

Mr. Chris West: I'm not sure how many acute-care beds we have left. Typically, the hospitals that are close by for operations or higher-level situations would be in Stratford, which is 25 minutes, weather permitting. London, Ontario, which I said is probably 25 or 35 minutes, again, weather permitting—that's where typically most people would go. I have seen some years where there are snowdrifts on our main roads of eight feet high. In addition to that, we've got a large Mennonite and Amish population, many of whom travel by buggy, so a 25-minute ride to Stratford is not 25 minutes anymore.

Ms. Cindy Forster: And you don't have a public transportation system?

Mr. Chris West: We have a Via train, but of course that only runs a couple of times per day each way.

Ms. Cindy Forster: Right. So it's difficult for some people to actually get to a hospital 25 minutes away, let alone 10 minutes away.

Mr. Chris West: One of the big objectives of our hospital is keeping that emergency open 24 hours a day. We have 10,000 people a year that use it. Ninety per cent of them come by car, as there is no public transit, or come by buggy.

Ms. Cindy Forster: I understand that you're struggling down your way with jobs and the economy as well, similar to my area of Niagara. And I see that you actually did a marketing type of plan in here; I'll have an opportunity to read it later. What kinds of assets and amenities are new employers or businesses looking for when they actually come to a town to set up shop?

Mr. Chris West: They are definitely looking for a hospital. I've talked to many residents who have moved here. There was one fellow in a retirement home that is very close to our dealership, and he looked at all areas from Windsor to Toronto up to Tobermory, and one of the reasons he selected St. Marys was because of the community and because he thought the hospital was a great hospital. I've been in many hospitals like you have, as well, and I can tell you that St. Marys Memorial Hospital is extremely clean. The care is absolutely phenomenal. There's absolutely no comparison to any hospital I've been in. So you can see people being attracted not only to the community but to St. Marys Memorial Hospital.

Ms. Cindy Forster: What was the investment of the YMCA and who actually put up the dollars for the YMCA and how long has it been there?

Mr. Chris West: I don't know, but I don't believe there was any government involvement in it. The YMCA needed a membership of around 650 to make it break even. I think we're at around 680 right now.

Ms. Cindy Forster: Right, so you're on a slippery slope right now, and I understand how your community is feeling. We've had similar situations happen in Port Colborne and Fort Erie in the Niagara area. Once the emergency closes, then the acute-care beds start to be removed. Eventually you get to a continuing care hospital. Then, somewhere down the road, two or three years later, you'll hear somebody saying, "Well, we need to close those beds as well," as they're doing in Niagara-on-the-Lake.

I certainly understand why you're here and why your community is concerned. The need for a hospital in your community is probably paramount, not only to the health of the people in St. Marys but as a way to grow your economy.

Mr. Chris West: Exactly.

Ms. Cindy Forster: So I thank you, Mr. West, for your presentation today.

Mr. Chris West: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for having come in to make a presentation today.

Mr. Chris West: Thank you.

CENTRAL ONTARIO STANDARDBRED ASSOCIATION

The Chair (Mr. Bob Delaney): Is the Registered Nurses' Association of Ontario ready? RNAO? Okay. Good afternoon and welcome.

Okay, I'm informed that RNAO is not with us right at the moment but one of the presentations for later this afternoon is, in fact, ready to go.

We're pleased to welcome the Central Ontario Standardbred Association, Dave Drew. You have 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning. This time the questioning will come from the government side. Please state your names for Hansard, and then commence.

Mr. Bill O'Donnell: My name is Bill O'Donnell. I'm president of the Central Ontario Standardbred Association.

Mr. Dave Drew: My name is Dave Drew. I'm the secretary-treasurer of the Central Ontario Standardbred Association.

Thank you very much for the opportunity to speak with you today on an important issue related to horse racing and the breeding industry in Ontario, and about the significant impact that the government decision to cancel the slots-at-racetracks program will have on our industry.

First of all, the Central Ontario Standardbred Association, known as COSA, is a not-for-profit corporation that represents standardbred horse owners, drivers, trainers, caretakers and others associated with racing at Mohawk Racetrack and Woodbine Racetrack. It provides representation for horse racing issues as well as providing such things as insurance, health care benefits and other support to its members. COSA currently has over 1,700 active members located across Ontario.

COSA has a standardbred racing agreement with Woodbine Entertainment Group which, among other provisions, Woodbine Entertainment Group recognizes COSA as the exclusive representative for owners, trainers, drivers and other participants of standardbred racing in Ontario who race at both Mohawk and Woodbine raceways.

There has been a very positive impact of the slots-at-racetracks program. There has been a beneficial partnership between Ontario Lottery and Gaming and racetracks. The revenue-sharing aspect of that has helped fund the Ontario government through the OLG, the local municipalities and the racetracks in exchange for the racetracks providing facilities. The horse racing and breeding industry benefit from revenue that is directed to purses for racing.

The program has created over 30,000 full-time specialized jobs in the horse racing industry in Ontario. This results in $1.5 billion in payroll annually, and therefore generates direct revenue to the Ontario government from payroll-related taxes.

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The OLG slots-at-racetracks program is the most profitable form of gaming in the province of Ontario, generating $1.1 billion in annual avenue to the Ontario government.

Horse racing is a key driver to dozens of local rural, agricultural economies. The horse racing industry spends in excess of $2 billion a year in Ontario, and 80% of that money, or $1.6 billion, is spent in rural, agricultural communities, stimulating province-wide economic health.

Through its partnership with the Ontario government, the horse racing industry in Ontario has developed an outstanding reputation for its racing program that is viewed by many outside of Ontario as the best racing program in the world.

By working with the slots-at-racetracks program, important funding for the industry has been generated for the highly esteemed Ontario Sires Stakes program. This program attracts breeders and owners to place quality sires in Ontario so that those sires' offspring can participate in this excellent racing program when those horses reach the age of two and three. Because of this program, these horses generate much interest by purchasers at yearling sales throughout North America, stimulating investment and growth in Ontario's racing product.

When horses successfully compete in the Ontario Sires Stakes program, the money from these winnings can be reinvested in every aspect of racing, from additional horse purchases to payments for additional equipment, tack, horse trailers, pickup trucks, feed etc. This cycle of good-quality racing provides for strengthening of the Ontario economy, as well as Ontario government revenue, at every step in the development.

Through the horse racing industry work with the Ontario Racing Commission, Ontario has strengthened its reputation for integrity in racing. In addition, numerous provisions and regulations continue to enhance the care and treatment of horses during training and racing. In many cases, these rules and regulations are stronger than most other racing jurisdictions, something that we should all be very proud of.

Top-quality racing attracts a very strong fan base. This racing product promotes and receives increased wagering from across North America through simulcast wagering on the Ontario product. This funding continues the cycle of employment wage payments and reinvestment in all aspects of the industry. All of these activities provide tax revenue to the Ontario government to support its important budget initiatives.

Overall, Ontario has established and has continued to develop a premier reputation for its horse racing. This racing product has a far-reaching impact into Ontario businesses, including advertising, television, food services etc., all stimulating the Ontario economy.

Now let us look at the impact of the cancellation of the slots-at-racetracks program.

Immediately upon announcement by the Ontario government that it was considering changing the slots-at-racetracks program, there was a shock wave that went through the horse racing and breeding industry. When the government issued formal notices to the racetracks that the Slots at Racetracks program was being cancelled by March 31, 2013, and that the slots operations at Fort Erie, Windsor and Sarnia were to close April 30, 2012, the impact was even more severe.

The uncertainty about the future of horse racing, particularly the unknown impact on the prestigious Ontario Sires Stakes program, as well as the purse structure for racing of any type, caused panic by owners and breeders. These people usually have a four- to five-year planning cycle for their breeding and raising of horses, and it was thrown into disarray.

Immediately, breeders were faced with clients cancelling breeding contracts for the spring of 2012—right now. Breeders are paid fees for sire or stud services only when a foal is born after approximately 11 months of gestation. Therefore, the outlook for payments to these breeders for foals being born this spring, 2012, was and continues to be very much in question.

The employment outlook for over 30,000 people has been affected, as well as the impact on the additional 30,000-plus people who support the horse racing and breeding industry. The potential employment impact in Ontario is staggering.

Some racetracks have already announced that they will cease operations while other tracks do not know their future.

This uncertainty about racing in 2013 has caused huge drops in the value of horses, without even a known plan for racing in the Ontario Sires Stakes program, for which owners have already made payments to the government in terms of nominating fees to participate.

The crisis created by the government's announcement without the follow-up of consultation and planning for the future has created untold panic and disarray. The livelihood of a complete industry is at stake without a plan. There is, therefore, an urgent need for government action at this time.

Due to the announcement of the cancellation of the slots-at-racetracks program, it is imperative that the Ontario government meet to discuss the impact of the government plan on the horse racing and breeding industry. Our recommendation is that the detailed discussion begin with the Ontario Horse Racing Industry Association, of which the Central Ontario Standardbred Association is a member.

We must emphasize the critical timing for the Ontario government to work with the industry to establish a plan to restore stability to an industry that has become known worldwide for its excellent horse racing and breeding programs.

Thank you very much for your attention.

The Chair (Mr. Bob Delaney): Thank you for your presentation. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Mr. Drew and Mr. O'Donnell, for your submission. Hearing your submission, I take it that you obviously are supportive of the government working with the industry in transitioning to a self-sufficient future for the horse racing industry in Ontario?

Mr. Bill O'Donnell: The transitioning period: With some of the smaller tracks, the slots program has kept them going. Without some kind of agreement between the tracks and the government, it would be impossible for them to transition themselves from sustainable with slots money to without it. They are agricultural society racetracks. With the bigger racetracks—Woodbine and Mohawk—I think that could be possible if we had time to work on something like that with some help over a period of years.

Mr. Yasir Naqvi: Do you think there are opportunities that exist within the industry to develop new racing products?

Mr. Bill O'Donnell: In some of the various larger markets, yes there are. That has been a big holdup also with the CPMA, the Canadian Pari-Mutuel Agency. We've applied for different products in racing, and it seems like we never get an answer. Some things have been asked for eight or 10 years ago, and we just don't seem to get any answer; we don't know why. But there are some things we'd like to try, and if they don't work, we'll go on to something else. It's very frustrating to try to transition yourself into something when you're kind of being held back.

Mr. Yasir Naqvi: Further to what you were just stating, any suggestions as to what changes can be made to modernize the industry?

Mr. Bill O'Donnell: In various countries—Sweden, Norway, Italy, France—I know they don't have a lottery like us; they have what they call V75 in Sweden. It's on five or six different races in a day at different racetracks. It creates a big, big—you buy a ticket for it, and they have it once a week on Saturday. There's $15 million to $20 million in that pool sometimes. On issues like that, they could maybe go through OLG. It would really be helpful for us.

Mr. Dave Drew: If I could add to that, I think there's a potential network through Ontario Lottery and Gaming specifically at the location of sale that could be put in place for horse racing wagering that could be done concurrently through the same channels as lottery ticket sales.

Mr. Yasir Naqvi: Thank you very much for coming today and for your submission.

The Chair (Mr. Bob Delaney): This concludes your submission. Thank you very much for having come in today.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Bob Delaney): Our next presentation will be the Registered Nurses' Association of Ontario. Good afternoon and welcome. You'll have 10 minutes to make your submission before the committee today, followed by up to five minutes of questioning. This round of questioning will come from the PC Party. Please begin by stating your names for Hansard and then commence your presentation.

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Mr. Kim Jarvi: Good afternoon. My name is Kim Jarvi. I'm the senior economist with the Registered Nurses' Association of Ontario. With me is Rob Milling, the director of health and nursing policy at RNAO.

We're the professional association of registered nurses who practise in all roles and sectors in Ontario. Our mandate is to advocate for healthy public policy and for the role of RNs in enhancing the health of Ontarians.

We have a lot of interest in Bill 55. It's a major piece of legislation that not only implements budget 2012 but also a series of related and unrelated measures. We have a lot of concerns about the health and nursing impacts of elements in the bill and we are really pleased to have the opportunity to present the views of Ontario nurses.

It's the first opportunity we've had to address budget 2012, so, accordingly, we're going to address three broad areas: the public consultation; the provisions in Bill 55 itself; and then the content of the bill.

First, the public consultation: In recent years, the government has consulted broadly on its legislative and regulatory agenda, but we haven't seen that consultation in this particular budgetary process, and that concerns us. First of all, the process has been quite a long one. It really, we would say, starts with the appointment of the Drummond commission and its mandate to eliminate the budget deficit in seven years without being able to raise tax rates. RNAO was consulted twice by Mr. Drummond and his commissioners, but the public at large wasn't, and with no public consultation and with a mandate to eliminate the deficit without any capacity to raise tax rates, the only option left on the table was program cuts.

Secondly, budget 2012 itself, untypically, didn't hold public consultations. Bill 55 is the first opportunity for public input, but unfortunately, it does exacerbate the lack of transparency and accountability by bundling substantial and unrelated bills together, and that lowers the scrutiny that you would normally see. For example, environmental measures in the bill are exempted from the normal posting and consultation requirements under the Environmental Bill of Rights, simply because this is a budget bill.

Now, it wouldn't be a problem with us if these were mere housekeeping measures, but these are substantial and, in some cases, controversial issues. We believe that they should receive a separate review as their own legislation, if they should appear at all.

Speaking more broadly, RNs believe that full public consultation is essential to weigh changes as unprecedented and far-reaching as those proposed in the Drummond report, and also to consider other fiscal options. RNAO is on record as calling for public consultations since the report was released in the middle of February.

The schedules in Bill 55, as I said, have a number of substantial and controversial initiatives, including privatization of delivery of government services, delegation of authority, further regulation of collective bargaining and weakening of environmental legislation.

We're under a time constraint here, so we're going to focus just on two sets of schedules of concern to nurses: privatization of services, in particular health services; and schedules focused on environmental legislation.

First, schedule 28, privatizing government services, is where we want to begin this discussion. As currently worded, there's nothing to stop selling any government service to the highest bidder, the way the schedule's written right now, and that could include parts of our health care system. Schedule 28 also appears to give the government—any government—the power to dispose of government assets with minimal oversight. Furthermore, the proposed act under schedule 28 is not constrained by a stated purpose, there's no provision for parliamentary oversight, there are no reporting requirements and there are no other limitations we can find on these new discretionary powers. We don't find that to be acceptable; it's a threat to transparency and accountability. So we urge that schedule 28 be withdrawn in its entirety. We believe that the public is with us on this matter.

We think there are different ways of getting the deficit under control than privatization of health and other services and also bringing cuts related to health.

A critical area to bring system improvements and savings to is to fully utilize and expand the scope of practice of nurses and other health professionals. Another area is to improve integration between social programs and health services and within health services themselves. For example, we have unnecessary duplication between the CCACs—community care access centres—hospital discharge coordinators and home care agencies, and this increases costs and diverts money that could be better spent on direct care for patients in primary care at a home by nurses working to full scope.

Mr. Drummond himself recognized the necessity of nurses working at their full scope of practice. For example, there are over 4,300 primary care nurses who are ready and willing to play a greater role in the health system. Furthermore, you could expand access to primary care by investing in more nurse practitioners across the system, including NP-led clinics, community health centres, family health teams as well as home care. That is something that will return value for the investment through improved health and reduced unnecessary emergency room visits. Expanding access to nurse practitioners in long-term-care homes would improve residents' health and would also reduce transfers to emergency rooms.

We know there are solutions, and RNAO looks forward to working with all parties to improve health outcomes and save money.

Another set of schedules we're very concerned about are those that concern environmental protection. We were deeply concerned about the weakening of environmental legislation in schedules 15, 19, 23, 34, 58 and 59. As we already indicated, the inclusion of environmental amendments in the budget bill skirts the requirements under the Environmental Bill of Rights and, perhaps worse, it provides a bit of cover for similar activity taken at the federal level with the very controversial weakening of environmental legislation at the federal level in the federal budget bill. Since environment is a major determinant of health, this becomes a health issue, and it's also even an economic issue.

There's a further concern we have, and that is that Bill 55 would expand regulatory discretion, which, in the view of the Canadian Environmental Law Association, would reduce transparency and predictability. Certainly, there is a significant risk of environmental impact by this legislation, and therefore we believe it does not belong, by normal standards, in a budget bill.

We endorse the call of at least 58 other organizations that presented a letter to the Premier, calling for all those schedules that we just mentioned being withdrawn from Bill 55.

Finally, budget 2012 itself: Ontarians have faced three different big changes—the Drummond proposals, the 2012 Ontario budget and the 2012 federal budget. As we've noted, the Drummond commission made recommendations to eliminate the deficit without raising tax rates. It was constrained that way, and that's a major limitation. Mr. Drummond had no option but to recommend massive, real, per capita spending cuts which he termed unprecedented—correctly. Ontario budget 2012 did implement significant cuts, although not as aggressive as those recommended by Mr. Drummond—

The Chair (Mr. Bob Delaney): Just to advise you, you've got a little over a minute.

Mr. Kim Jarvi: All right. I'm going to skip, and I'll leave this to your reading pleasure—the intermediate stuff.

I want to say that we are pleased that the government and the NDP were able to reduce the cuts to people on social assistance, but more needs to be done. I think our take-away message on the budget is, we need a balanced approach to economic and social policy, so we want to take not just the fiscal deficit seriously, but also the social deficit and the environmental deficit. When it comes to the fiscal deficit itself, we need a public discussion on the timing of dealing with the deficit, on how to deal with fiscal capacity and on the mix of services that would move Ontario forward. We know that polling shows that Ontarians and Canadians share our concerns and are also seeking a balanced budget.

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We want to thank you very much for giving us the opportunity to present the views of the RNAO.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: I'm going to ask a couple of questions and then give you a chance, if you'd like, to make up the missing content from pages 7 and 8.

On page 2, under your comment that budget 2012 did not hold public consultations, in case you are not aware why that occurred, the government didn't form any of the committees until the end of February. So I would ask you a question: What would you recommend be done about that?

Mr. Kim Jarvi: I'm not party to the complexity of what was going on, but it's absolutely essential that measures be taken to ensure that full public consultations are taken on such important matters as the budget. It's one of the most essential things in—you know, it's just essential.

Mr. Victor Fedeli: Would you recommend that before the budget is crafted or as we're doing it here?

Mr. Kim Jarvi: We need consultations before the budget. I would say that, in fact, consultations should have taken place over the Drummond report as well. They should have public consultations on the Drummond recommendations.

Mr. Victor Fedeli: On page 4, you talk about better ways to bring the deficit under control, other than cuts in the social services. In the same section, you also talked about nurse practitioners. Would you care to expand on that chapter on nurse practitioners and how you see that as bringing achievement to that goal of deficit wrangling?

Mr. Rob Milling: Nurse practitioners are among the innovations which have been proven to result in better health care as well as save money, which is the main point that we're making there. It's not necessary to just cut, if you're going to address issues like the deficit; that in fact there are structural reforms to the health care system which can in the long run save money but at the same time result in better health outcomes. Nurse practitioners are one of the examples. The nurse practitioner-led clinics, of which there will shortly be 26 open in the province, are one of the great examples of that.

Mr. Victor Fedeli: Including one in the city of North Bay that I have had a tour of in the last three months. I thought that was an absolutely spectacular opportunity, and a great opportunity for the people of North Bay, who are short of a doctor, to be able to receive quality care.

You have an opportunity here in the remaining couple of minutes—you missed a couple of points on pages 7 and 8—if you care to look and delve into a couple of those paragraphs, so we can have it from you on the record.

Mr. Kim Jarvi: Thanks for giving us the opportunity.

The fiscal capacity, the management of it—that is, the revenue side—was off the table, essentially, for Mr. Drummond. In the budget, it was somewhat addressed. About 25% of the way that they addressed the deficit was through revenue measures. In our view, that's still not the kind of balance that we're looking for, because Ontario's per capita spending is about 11% below the rest of the country's, so it's not a suggestion that Ontario really has a spending issue. On the other hand, its revenues are about 15% below, as a share of GDP, what they were in 1994. Again, it's suggestive of the fact that there's room to enhance fiscal capacity. So that agreement that we had between the government and one of the opposition parties started to address that, but I think we need a more aggressive move in that direction.

The Chair (Mr. Bob Delaney): And that just about wraps us up. Thank you very much for having come in to present to us today.

MR. MICHAEL SMITH

The Chair (Mr. Bob Delaney): Our next presentation will be from Michael Smith. Good afternoon, Mr. Smith. If you've been here for a little while you know the ground rules. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning is from the NDP. Please state your name for Hansard, and then commence.

Mr. Michael Smith: Chair, Vice-Chair, members of the committee, my name is Michael Smith. I'm here today to say a few words about schedules 66 and 67 of Bill 55.

Schedule 67 deals with the Taxpayer Protection Act. This nasty piece of legislation is part of the Mike Harris legacy. Essentially, it decrees that the government cannot raise taxes, impose new taxes or delay scheduled tax increases without holding a referendum. It is a simple-minded and selfish law inspired by the idea that taxes are bad, government is bad and thinking about anyone but yourself is bad.

I don't think the people of Ontario accept that way of thinking. The Occupy movement, reacting to the financial crisis in 2008, has put the issue of economic inequality on the political agenda. Public opinion polls show that many, many people are concerned about the growing income gap between the rich and poor. Unfortunately, the budget does not address these concerns.

Fair taxation and wise government spending is an important and reasonable way to reduce economic inequality. Oliver Wendell Holmes said, "Taxes are the price we pay for a civilized society." Unfortunately, this understanding of the need for taxes is obscured by relentless anti-tax propaganda. For example, in explaining the need to reduce pension costs and benefits in the public sector, the finance minister said it's not fair to make a single mother earning $14 an hour, with no pension, to pay even more of her tax dollars into the pension fund of others. I ask: Who is he kidding? Is anyone proposing higher taxes on those who are least able to pay?

Laws like the Taxpayer Protection Act that create obstacles to fair and reasonable taxation should be repealed. It's somewhat comical to me that the government must now legislate a small exemption to the Taxpayer Protection Act to postpone a scheduled decrease to the corporate tax rate.

The Drummond report commissioned by the government was not permitted to consider the revenue side, or the taxation side, of government operations. It seems to have been a way to prepare the public for an austerity budget. That seems to mean a budget that does not address the problem of economic inequality. I know other speakers today have told you how much healthier, peaceful and prosperous more equal societies are, and I think it's important that the budget should move Ontario in that direction.

Schedule 66 amends the Taxation Act to expand the government revenue sources that can be used to fund tax credits and benefits, including the child tax benefit. Unfortunately, however, the government proposes to save money by reducing the previously planned increase to the child tax benefit. Instead of increasing from $1,100 to $1,310, it will be increased to only $1,210. This is not a wise decision. This is one way the austerity budget hurts the poorest. In addition, already low social assistance benefits available through Ontario Works and the Ontario Disability Support Program have been frozen. These steps perpetuate an already unacceptable and growing economic inequality.

I recommend to the committee that the Legislature consider how increased government revenue can be effectively used to move Ontario toward a more equal society; second, that the Legislature repeal the Taxpayer Protection Act; third, increase the child tax benefit this year to $1,310. Thank you.

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The Chair (Mr. Bob Delaney): Thank you very much. Mr. Natyshak.

Mr. Taras Natyshak: Thank you very much for your presentation today. Some of the items that you've mentioned have been addressed, or attempted to be addressed, by members of our caucus in our amendments to Bill 55, one of which is addressing the corporate income tax rate and the fact that over many years we've seen a reduction in the corporate income tax rate in Ontario. There's ultimately an ongoing debate in this House about whether our fiscal issues are of a nature of revenue or expenditure. I certainly won't argue that an increase in taxation is an increase in revenue for provincial coffers, but I do argue that a decrease in taxation is actually an expenditure. I wonder if you can comment on that idea that as long as we are in a fiscal deficit situation and a budgetary deficit and a fiscal debt scenario, any tax decrease, whether it be corporate or personal, be considered as an expenditure.

Mr. Michael Smith: I don't know the specific implications of that consideration, but I do think that the public debate about the need to reduce taxes is not well reasoned at all. Taxation levels today are lower than they were 30 years ago. The idea of reducing corporate tax because, allegedly, it creates jobs hasn't proven out at all. So the idea of delaying the corporate tax decrease that was scheduled makes sense to me, but generally I and many other people are willing to pay taxes to create a more equal situation.

Mr. Taras Natyshak: One of the other amendments that was proposed by members of the New Democratic Party was an increase to the income tax rate of those in Ontario who earn over $500,000 a year. That idea, that concept, was met with what I would consider wide support. Close to 80% of Ontarians agree that it may be time to take a look at an increase on those who have fared very well throughout our recent difficult economic times. What are your thoughts on that type of a position?

Mr. Michael Smith: I agree with that idea, but I understand that if you make over $230,000, you're already in the 1% of our population. Certainly our civilized society has done much better for some than others. If you're doing so well, if you're in the top 1%—even in the top 20%—you should be willing to pay for the benefit that comes from having a well-ordered, civilized society. Health care, education, even the justice system and police protection—all of those things have benefited many people to a great degree. They should understand that they didn't make their fortune alone. If they were born in the Sudan or Somalia, they wouldn't be as rich as they have been in Ontario.

Mr. Taras Natyshak: Thank you.

Ms. Cindy Forster: How's our time?

The Chair (Mr. Bob Delaney): You've got a little under a minute.

Ms. Cindy Forster: Do you know what it would actually cost to increase the child tax benefit to the—

Mr. Michael Smith: Well, I read that they were attempting to save $90 million.

Ms. Cindy Forster: Ninety million dollars. What kinds of impacts do you think that will have on families this year?

Mr. Michael Smith: Well, the people I've talked to said that it's been a very successful, useful way to raise people out of poverty, because it's a direct benefit to families who need it most. Of course, that money goes back into the economy. Certainly, there's probably a multiplier effect. It's one of those things about which, really, we shouldn't say, "That's going to be on the chopping block," where we can look elsewhere for either revenue or to reduce expenditures.

Ms. Cindy Forster: Thank you very much for being here today, Mr. Smith.

The Chair (Mr. Bob Delaney): Thank you so much for your contribution today.

MR. PAUL HELLYER

The Chair (Mr. Bob Delaney): It's our pleasure to welcome a Canadian whose reputation matches his physical stature. Our next presentation is by Paul Hellyer. Would you please come and share with us your thoughts and feelings? Just to recap, you'll have 10 minutes to present your thoughts before the committee, followed by up to five minutes of questioning. The rotation for questioning this time goes to the government. Please state your name for Hansard and commence.

Mr. Paul Hellyer: Thank you very much, Mr. Chair and members of the Legislature. Thank you for this opportunity. I'd like to take the first minute of my 10 minutes to explain what I hope we would not do and the other nine minutes explaining what I hope we would do.

The one minute would be that I hope we do not resort to casinos to raise money. As the founding chairman of what was then called the Canadian Foundation on Compulsive Gambling, I have seen what this does to people. It's a tax on the poor, and it results in a certain number of people becoming addicts, destroying their homes, destroying their lives and, in many cases, committing suicide. If all the facts and figures were put in the papers, people would lose their enthusiasm for using casinos as a substitute for other solutions—other better solutions, I might say.

Now the nine minutes. First of all, it's important to understand this business of balancing budgets. We all know from our personal experience that if we're spending more than we're earning, we have really two or three choices. We can reduce our spending, we can take a second job pumping gas or working at McDonald's or we can borrow. Those are the three choices we have, and it makes quite a difference, over the long haul, which of those three choices we opt for.

Cities and provinces have exactly the same three choices. They have to do one of those three things or some combination of the three things. The disadvantages of borrowing, of course, are that there's then an interest payment in the next year's budget, it's more difficult to get out from under and you have to raise additional taxes in order to pay the interest. That can sometimes be pretty much a dead end

When it comes to the federal government, however, the situation is different. The federal government does not have to borrow money. It does not have to balance its budget in the same way that provinces, cities and individuals do. The federal government owns the patent to create money. It has the power to create money. It is in charge of the whole business of creating money.

The only problem is that it doesn't use the power that it has. That is the problem, and has been for a long period of time. Somehow, we have to get people to understand what is possible, who has the responsibility, how they should exercise it, why they're not exercising it and how they must exercise it if we're going to dig ourselves out of the massive hole we find ourselves in at the present time.

I think a little economic history might help. I'm old enough to remember the Great Depression; I lived through it. In 1938, there were no jobs in Canada—none. In 1939, along comes the war. What happens? Pretty soon, everybody is working in a factory making munitions or in the armed forces. Unemployment was reduced to an all-time low of 1% in Canada—amazing. That all happened in a very short period of time.

So you may say, "Where did we get the money to do that?" Good question. The Bank of Canada printed it. That's where we got it. The Bank of Canada printed large sums of money and bought bonds from the federal government for cash. The federal government spent that money into circulation, which was the stimulus that got the economy growing. The cash wound up in the vaults of the private banks, where it was known as high-powered money. High-powered money, in those days, in the system we had then, was leveraged, and that increased the banks' ability to expand their loans and contribute to the expansion of the economy as well as to the war effort.

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That's the system that we had until 1974. It's the system that got us out of the Great Depression, through the war, and then financed the postwar infrastructure of the St. Lawrence Seaway, the Trans-Canada Highway and all these things, and laid the foundation for our vast social security network, one of the best in the whole world.

In 1974, the Bank of Canada, without so much as a by-your-leave, changed the rules. Our governor visited the Bank for International Settlements in Basel. While there, the central bankers decided they would stop lending cheap money to governments. It has been downhill ever since.

I'd like to just share with you how much that has cost us. From 1974-75 until 2010—hold your chairs, now—we have paid $1.1 trillion in interest on money we have borrowed, nearly all of it unnecessarily. It didn't need to happen. Just think what we could do if we had that trillion to spread around now.

What I'm suggesting is, we have to adapt to the situation today as if we were in a depression era, which we are. We've had four years of this tepid, anemic growth, and we're going to have another four years unless we do something sensible for a change, and that's what I'm hoping we'll start doing right away.

My proposal is what I call "the Canadian solution." It's just a variation on what we did from 1939 to 1974. I would like the government of Canada to print 15 $10-billion share certificates on Canada, and then, if necessary, to change the Bank of Canada Act, section 38—I'm not sure it's necessary, but if necessary, change section 38—to make the share certificates qualify as security under that section, for the Bank of Canada to create the money.

Once that's done, have the Bank of Canada create $150 billion and deposit it in the bank accounts of the federal government across the country, with the understanding that it would be shared 50-50 with the provinces and territories on a pro rata basis. That means that Ontario's share would be about $29 billion.

This would be enough to get the economy up and rolling, and after a year, we could see where we stood and what we had to do then. It would have a dramatic effect and it would offer new hope and new opportunities for the million young Canadians between the ages of 15 and 29 who are presently without jobs and without much hope of finding jobs.

Finally, why Canada first? The reason is because it's easiest for us to do. We've done it before, so we can do it again. We own our bank, which not all countries do. We own our Bank of Canada outright, thanks to the foresight of people in the 1930s. We can tell it what to do.

The government, at the present time, has a majority in both the Commons and the Senate, so there is no problem. They could put through the legislation required. That includes not only changing the Bank of Canada Act, if necessary, but changing the Bank Act to reinstate cash reserve requirements so that the money created would not be inflationary, which is the big bugaboo that people raise as soon as you talk about government-created money. It's not a problem. It's always exaggerated and always just nothing but an excuse. That could all be done in two weeks, with the majority in both Houses. The money could be in the government of Canada's bank accounts and passed down to the provinces within about two weeks—maybe three, if they wanted to be really slow about it.

The Chair (Mr. Bob Delaney): You've got a little under a minute to go.

Mr. Paul Hellyer: Pardon me?

The Chair (Mr. Bob Delaney): You've got a little under a minute to go.

Mr. Paul Hellyer: A minute? That's just what I need. That's what my notes here say. Thank you.

In my final minute, what I wanted to say is, not only would this be an incredible development for Canada, but it would be showing the leadership that is so necessary in the world today. I don't know if some of you heard the Prime Minister on television last night say how bad things were. It's a worldwide disease. The system that we have now is unstable and unsustainable, and it has to be changed fundamentally or we're just going to be in this mess for as long as you can see.

So if Canada took the lead, which it should, then the rest of the world would follow, one country at a time. The Europeans would have to change the Maastricht treaty and the Lisbon treaty, but they could do that and make the changes necessary so that the European Central Bank could come to the rescue of the countries that are on a pro rata basis.

Finally—

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Hellyer. Mr. Naqvi.

Mr. Yasir Naqvi: Mr. Hellyer, thank you very much for being here today. I had never thought that in my political career one day I would have the opportunity to sit across from you and hear you speak at a committee, so I really do appreciate that opportunity.

I have no questions for you. We've taken your submission and we'll definitely review it.

I wanted to take this opportunity on behalf of all members to thank you for your service to our great country—

Mr. Paul Hellyer: Thank you. I have some papers here which were to be circulated.

Mr. Yasir Naqvi: That's great. The clerk will definitely take that.

Mr. Paul Hellyer: You can't read it in a short period of time. I would urge you to read it, maybe once and maybe twice, and really get a feel for what this is all about. Because, unfortunately, there is about one person in every 100 who understands how the banking system works. That, unfortunately, includes the economists that we rely on, and they are, I would say, near the bottom of the list.

But take it, read it and if at the end of it you need any more inspiration, you can always get one of my books. A Miracle in Waiting is still available. I'm not promoting books but I am promoting these ideas, which have worried me for 60 years. It's the reason I went into politics in 1949. I've been worried about it ever since and I'm still worried about it until somebody does something about it.

Mr. Yasir Naqvi: Thank you, sir.

The Chair (Mr. Bob Delaney): And perhaps one in 100 might be a little bit generous. Thank you very much for having come in and for providing such an enlightened presentation to us this afternoon.

Mr. Paul Hellyer: Not at all. Thank you very much. It was a pleasure.

The Chair (Mr. Bob Delaney): Our next presentation is the Ontario Coalition for Better Child Care. Are they here? Okay.

Is the Medical Reform Group here? Okay.

This committee will stand in recess until five minutes after 5.

The committee recessed from 1659 to 1701.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Mr. Bob Delaney): Okay, the committee will return to order. Our next deputants are the Ontario Coalition for Better Child Care. If Katie Arnup and Kathlyn de Vera Dore are in the room, please come forward. Sit down and make yourselves comfortable. Thank you for showing up a little bit early. It does come to pass in government that we very often run meetings ahead of schedule, so this is one of those times. You'll have 10 minutes to make your deputation before us today, followed by questioning of up to five minutes. This round for questioning means that Mr. Shurman from the PC Party will do the questioning. Please begin by stating your names for Hansard, and then commence.

Ms. Katie Arnup: Katie Arnup.

Ms. Kathlyn de Vera Dore: I'm Kathlyn de Vera Dore.

Ms. Katie Arnup: My name is Katie Arnup. I'm the campaigns coordinator at the Ontario Coalition for Better Child Care. I'm here with Kathlyn de Vera Dore, a parent-to-be, to speak on the critical issue of child care in Ontario.

I want to thank both the Liberal Party and the NDP for acknowledging the essential role that this sector plays in our communities and for continuing to come to an agreement to add funding to the provincial budget to sustain our child care sector.

The very fact that child care was allotted new funding reflects just how neglected our sector has been for many years and the crisis point that we had reached. Experts across the province warned of a complete collapse in the absence of funding.

For many years, provincial funding, which supports child care subsidies, has been flatlined. In order to continue to provide critical services for Ontario families, child care programs have been forced to increase their fees. Now, most child care spaces cost more than the average family can afford. As subsidy wait-lists grow—over 20,000 here in Toronto—centres experience vacancies and risk closure.

While we support full-day kindergarten, without money to stabilize child care programs and transition to the role of caring for younger children, the cost of offering care to children and families will simply continue to grow.

We are not the only ones who fear this collapse. Our sector is united that $287 million is the amount needed to stabilize Ontario's existing programs. So while we acknowledge the funding proposed, it is roughly one third of what is needed to save the sector.

We still see child care centres close today, not because children and families don't need the care but because the cost is too high for the neighbourhood families.

Most at risk are child care centres in low-income neighbourhoods. Programs such as Progress Child Care, Bond Child and Family Development and the Rainbow Centre in rural Atikokan remain on our at-risk list of centres.

Meanwhile, at a time when colleges should be expanding and enhancing their ECE programs to educate the next generation of ECEs for Ontario's early learning program, we see them closing their lab schools, a devastating loss of high-quality child care for the surrounding community and an important learning opportunity for students in that program. Loyalist College has just announced the closure of their high-quality program.

What's more, we will continue to see qualified and hard-working early childhood educators underpaid and undervalued. We will continue to see child care staff leave child care in order to make enough money to support their own families. And we will continue to see families struggle to find high-quality, affordable, not-for-profit child care for their children.

As a result of lack of options, some parents will stay at home, devastating our economy. But most parents who still need to and want to work will find someone to watch over their children. Some children will be left watching TV for hours at a time in unlicensed care, meaning the children themselves will suffer without the great early learning that would have given them the best start in life.

We know that, right now, four out of five Ontario kids are in this position, and it won't get better without an investment from our government. With exciting new changes in full-day kindergarten and the move of child care to the Ministry of Education, this is an opportunity for the government to invest in our children and in the province's economic future.

I would like to now invite Kathlyn de Vera Dore to talk about her personal experience.

Ms. Kathlyn de Vera Dore: Thank you, Katie.

My name is Kathlyn Vera Dore, and to be frank, I am worried about the future. I have just completed my ECE diploma at George Brown and I will be continuing my education in the early childhood studies degree program at Ryerson University.

I've always been aware of the lack of funding for affordable child care through the eyes of an early childhood educator. I have seen the impacts on programs and also on families. I've met parents on wait-lists and those having trouble affording care. Now, at five months' pregnant, the crisis in child care feels far more personal. How am I going to find a good child care space if there are only spaces for one in five children? My odds are not looking great. But with a shortage of qualified ECEs to work in the field, Ontario needs me to work in the early learning and child care sectors. And if I find a space, how is my family possibly going to afford the cost? Do you know how expensive infant care is? It's not out of the question to pay $18,000 for infant care.

If you don't think that child care keeps families awake at night, you're wrong. It really does. It keeps me awake now, and my baby isn't even born yet. A bit of funding here, a bit of funding there, like that proposed in this budget, just keeps putting patches on a broken child care system. We need real funding for affordable, high-quality, not-for-profit early learning and child care for every single child who needs it. That's why we are here today. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Let's see. Mr. Shurman?

Mr. Peter Shurman: Thank you very much, ladies. I appreciate your presentation. I don't disagree with you, but I try to look at the parameters that I've got when making judgements on what's affordable and what's not. I'm not a member of the government; I'm sitting opposite the government. So I'm interested to hear from you more than just what is needed; I'd like to know where you think it should come from. Where do we get this money?

Ms. Katie Arnup: I mean, obviously, we continue to put pressure on the federal government. We were pretty darn close to a national child care system at one point, and we still have dreams of the provinces other than our own having access to that. But in the absence—it's not just a question of where; it's investing in your future. Countless economic studies have shown that investing in child care is good for the government and there will be immediate returns. If you want people to get back to work—and you talk about creating jobs—there needs to be somewhere for their kids.

Mr. Peter Shurman: I don't disagree with you. And this is not an argument, this is a conversation. It's a conversation we're having with you and a number of other people. I think we wish that we could have had this conversation before the budget—which is Bill 55—was ever presented, but now we're having a conversation before we have a final two hours of debate in about a week or 10 days' time and basically pass it. Yes, there will be some amendments, which is why we were interested in what you have to say and what other people have to say. But the difficulty that we've got in this province—I'm not apologizing for it; I'm a victim of it as you are—is that we have a government that is using right now about $10.6 billion per year just to finance interest on the provincial debt. Can you imagine, if we didn't have to pay that interest, what we could do? Child care would just be one of the things we could do. We could do many, many other things. We have a $15-billion deficit projected in this year's budget. So next year we'll pay even more interest.

I'm not playing the violin for you. I recognize that your issue is caring for your unborn child, and yours is caring for your children, and ours is caring for all children, but I just don't know where to find the money. This is the problem that besets us. So yes, you can look to the federal government, all the rest of it, but at the end of the day—you've heard the expression—there's only one taxpayer, and I think he and she are tapped out. So what do we do? Where do we take the money from to fund what you consider to be your priority?

Ms. Katie Arnup: No, I hear you and I agree. I guess one of our main warnings is, what will we do if we lose our entire child care sector? What will we do if we lose this entire infrastructure that the province has been building for 100 years? There are quality programs—Bond has been around for 74 years, taking care of families in downtown Toronto. If we don't step in, we will have to start from scratch.

Mr. Peter Shurman: Okay, but you're making a case—for example, you've praised all-day kindergarten. And yes, in a perfect world it's a great idea. You know that my party, which I notice you didn't mention earlier—because we were not party to what transpired between the NDP and the Liberals, and for a purpose. If we had followed Mr. Drummond's recommendations—he wasn't working for us; he was working for the government—and we had scrapped all-day kindergarten, we could have taken care of children and had all of that money available, plus then some, to do what you want and maybe we would have been able to implement full-day kindergarten two years down the road, if economic conditions continued. Would you have favoured that?

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Ms. Katie Arnup: Scrapping all-day kindergarten?

Mr. Peter Shurman: Because we only have so many dollars.

Ms. Katie Arnup: That wouldn't have actually saved child care, and his ideas would not necessarily have spread out to care for all children zero to five. We are constantly saying that focusing only on fours and fives leaves out children up until four, but taking away programs that are essential and that right now are setting a precedent for something universal for Ontario kids is not moving in a positive direction.

Mr. Peter Shurman: Thank you very much. We appreciate you appearing.

The Chair (Mr. Bob Delaney): On that note, we are out of time. Thank you for having come in and shared your thoughts with us today.

MEDICAL REFORM GROUP

The Chair (Mr. Bob Delaney): Our final presentation prior to our recess is going to be from the Medical Reform Group. Janet Maher and Ritika Goel, if you're in the room, please come up and join us.

Ms. Janet Maher: Good afternoon. My name is Janet Maher and I'm an administrator with the Medical Reform Group—

The Chair (Mr. Bob Delaney): Okay. Just before you get started, you'll have 10 minutes to make your presentation to us, followed by up to five minutes of questioning. This round of questioning will come from the NDP. I would like to ask committee members: This presentation has asked permission to videotape their deputation. Would anyone have objections to that being done, so long as the person doing the videotaping remains right there?

Okay. Please state your name for Hansard, and commence.

Ms. Janet Maher: My name is Janet Maher. I'm the administrator of the Medical Reform Group. Dr. Ritika Goel will make our presentation today.

Dr. Ritika Goel: Thank you. Members of the Standing Committee on Finance and Economic Affairs, thank you for this opportunity to speak to you about the 2012 provincial budget. I'm here representing the Medical Reform Group, a volunteer association of physicians and medical students which has advocated for over 30 years to improve the health of people in Canada. My name is Ritika Goel. I am a public health professional and one of Ontario's 11,000 family physicians serving Ontarians on the front lines.

I'm here to talk to you today not just about the budget but about the health and well-being of people in Ontario and a vision for the kind of society we want to live in. I want to talk to you today about the difficulties that Ontarians have accessing medications, the need to use our health care providers to their full potential, the need for a discussion on revenue generation, and finally, a conversation about our democracy.

I see patients regularly who cannot access medications. When medicare was founded in Canada, we decided that physician and hospital services were medically necessary but not medications. This no longer fits with today's reality of chronic diseases, which require medications for us to treat patients properly. Almost one in five Ontarians have no drug coverage. This means that my patients ration their medicines, so their treatment does not work properly. This causes unnecessary complications which are costly to the system. On top of that, such practices lead to problems like antibiotic resistance, meaning the drugs we already have become even less effective.

What we need is a national pharmacare program. Not only would this be the fair and equitable way to ensure that all people in Ontario have access to medicines; it's also the smart thing financially. Canada's spending on drugs is second only to the US, and most other industrialized nations have included medications as part of their universal health care systems. We should too.

The United Kingdom has substantially lower health care expenditures than Canada. The major difference is actually their lower spending on drugs. The two countries use the same amount of drugs per capita, but the UK has included medicines as part of its universal health care plan. This means that they can take advantage of wide-scale price negotiation, bulk purchasing and a common formulary. For the same patented brand name drug the UK pays 10% less, and for the same generic drug they pay 20% less than we pay in Canada.

A report entitled The Economic Case for Universal Pharmacare explores these very points and found that a national pharmacare program could lead to $10.7 billion of savings for Canadians. While the provinces and territories are currently working to set a common price for medicines on the public provincial drug plans, this is not national pharmacare. It does not reach the same purchasing power for price negotiation or bulk purchasing. It does not address the administrative issues of having multiple payers. It also does not help the one in five Ontarians who do not currently have access to medicines.

We support the Drummond commission's recommendation for bulk purchasing and agree with the Senate, the Canadian Medical Association, the nurses' associations and various royal commissions in declaring our support for a national pharmacare program.

Second, we support the Drummond commission's recommendation to use our health care providers to their full potential. I have worked in excellent interdisciplinary teams where patients are seen by nurse practitioners or registered nurses and I'm available as a consultant. In rural Ontario, this is commonplace. We should permit our highly skilled health professionals to do all they can do. While this does mean a culture change in the health sector, I can say as a recent graduate that the current training in our professional schools encourages team-based interdisciplinary care. These models work, they make sense and they save money.

Third, we wish to applaud the NDP's contribution to this budget in introducing a 2% increase in personal income tax for all those earning over $500,000. More such conversations must be had. By now, we all know that income inequality has been growing over the past few decades in an unprecedented manner. Between 1980 and 2009, controlling for inflation, the top 20% of earners saw a 38.4% increase in their incomes as the middle fifth saw a 0.3% loss and the bottom fifth saw an 11.4% loss.

We also know that income inequality is bad for your health. The poorest fifth of people in Canada are two to four times more likely to suffer from chronic diseases like heart disease, chronic lung disease or mental health problems than the richest. We're living in times when average people in Canada are told that they must endure cuts to their public services and an austerity agenda, while governments successively cut corporate and personal income taxes.

Canada's corporate taxes are the lowest of the G7 countries, and Ontario's corporate tax rate is the fourth-lowest in the country. We recommend eliminating the planned further corporate tax cuts, saving $800 million. We also recommend building on the 2% increase for those making over $500,000. That's a start, but we can do better.

Finally, on the point of democracy and accountability, we are very concerned by schedule 28 in this bill. Schedule 28 seeks to give the province sweeping powers to privatize Ontario government services, which could include public hospitals or OHIP itself. We denounce this section of the bill, both in support of public sector workers whose rights must be protected and to maintain the accountability of public services to the public. There's a large body of evidence that shows private funding and for-profit delivery of health care is more costly and of poorer quality, and it worsens inequity.

I also say with some disappointment that this provincial budget has come through an extremely undemocratic process. We've had no pre-budget consultations, the Drummond commission was hired to give recommendations on cuts without any conversation about revenue generation, and even now, this opportunity to present before you comes for only four and a half days in only one city with very short notice. While we are grateful for this opportunity, this is not how our democracy should function.

So I ask you now: Why is it that in Canada, a country with supposedly universal health care, I see patients who are unable to access the medications that I prescribe to them? Why are we not using our health professionals to their full capacity? Why are we not having a discussion about raising revenues, given growing income inequality and increasing tax cuts? Finally, how do we ensure that these decisions are being made in a democratic and accountable fashion? Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Ms. Forster.

Ms. Cindy Forster: Thank you very much for being here today. You know that our party, the NDP, certainly doesn't support privatization of health care in any form. We currently have some privatization, particularly around the home care sector, and we know that some of the money that should be used for home care is actually going to support somebody's profit. Do you support the current government moving back to a not-for-profit home care sector, and what do you think the benefits to our patients here in Ontario would be?

Dr. Ritika Goel: What we've specifically spoken about in this testimony is a fear of further privatization in terms of schedule 28, and we're definitely very clear in wanting to denounce that as being part of the bill. In terms of home care, I'm not sure if we specifically have a statement, as the Medical Reform Group, but I would think we would.

Ms. Janet Maher: One of the principles of the Medical Reform Group has been that there is no room for profit in health care, and so we've always supported not-for-profit care throughout the sector.

Dr. Ritika Goel: I can tell you, in general, that there has been research done comparing for-profit and not-for-profit, in terms of hospitals and in terms of dialysis facilities, and there has been some work in terms of home care as well. It shows very similar things in terms of quality, there being lower quality when there is a profit motive and health is not the bottom line; and also a higher cost to the patients.

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Ms. Cindy Forster: I know you talked about a national pharmacare program, which our party has been supporting for many years at a federal level. Do you think that there's some need for some regulation as well to curtail costs in the pharmaceutical industry and in the medical supply industry?

Dr. Ritika Goel: Yes. I think that's sort of what comes out of being able to institute a national pharmacare system. Those are conversations that you can have when you've got more purchasing power and you've got more weight when you're discussing these things with the pharmaceutical industry. So absolutely, we would support that.

Mr. Taras Natyshak: Thank you, Dr. Goel. Thanks for your submission. I couldn't agree more with the aspects that you touched on. In 2003, the federal government commissioned a report by Roy Romanow, who touched on many of the aspects that you spoke about. Why has it taken so long for various levels of government to acknowledge the need to implement not only a national pharmacare program, but a national bulk buying strategy, potentially, and also a national home care strategy? What have been the roadblocks to that discussion at a broader level?

Dr. Ritika Goel: I think part of that is that it would be helpful if there was federal leadership on such a thing. I think that's something that leaves us in a difficult place. I know currently, the provinces are taking things into their own hands in terms of moving forward with discussing price negotiations, but we feel that that needs to go further. We can't just stop at having price negotiations only for the public plans, because if you don't bring all of the drugs under one plan, you're losing that opportunity to actually negotiate prices in an appropriate manner.

Mr. Taras Natyshak: And could you tell me what the effects of schedule 28, if it were fully implemented within the context of Bill 55, would be on the patients who you see on a day-to-day basis?

Dr. Ritika Goel: Well, I think if schedule 28 was implemented in the manner that it privatized our public hospitals, made them for-profit or privatized our OHIP and handed it over to a US-based HMO, it would be disastrous. It would be the type of situation that we see in the US, where people are put behind profits, and their health care access is determined based on their ability to pay rather than their needs. That would be disastrous for my patients.

Mr. Taras Natyshak: I just did a quick search of medicalreformgroup.ca. You submitted a paper, Paying for Health Care in Canada. Section 4.2: "Elimination of the private health insurance subsidy"—do you have any awareness of that provision here? "Governments should seriously consider elimination of the private health insurance subsidy. Because the subsidy is proportional to the highest income tax rate paid by an individual...." Can you expand on that? Were any of you a part of this?

Ms. Janet Maher: I can briefly speak to it. I don't know the details, but the point is that under our income tax—I think this is both corporate and personal income tax—you get tax reductions or tax—

Mr. Taras Natyshak: Credits.

Ms. Janet Maher: —tax credits for paying for private health care.

Interjection.

Ms. Janet Maher: We don't support that.

The Chair (Mr. Bob Delaney): Okay. Thank you very much for having come in to present your thoughts and ideas, and for sharing them with the committee this afternoon.

That concludes our list of deputants for this particular session. This committee will stand in recess. I think everybody knows from the clerk where we go from here. May I ask that everyone make an effort to come back here by 6:15? If we're able to get under way a little bit early, then perhaps the Chair will work with the deputants to see whether or not we can recess again before 9 o'clock tonight.

We're in recess.

The committee recessed from 1725 to 1823.

The Chair (Mr. Bob Delaney): Good evening. Welcome back. We are here to resume our hearings on Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

MR. WAYNE OLSON

The Chair (Mr. Bob Delaney): Our first presentation is Mr. Wayne Olson, whom I understand is in the room. Please step forward, take a seat, any seat. They're all equivalent, the mikes all work. You'll have 10 minutes to make your presentation to us, followed by up to five minutes of questioning. The rotation will start this evening with the government. Please begin by stating your name for Hansard, and then proceed.

Mr. Wayne Olson: My name is Wayne Olson, I'm a Toronto resident. I understand you have something like 130 deputants to get through, so I thank you for your attention and your patience, and I appreciate the opportunity to address the committee today.

I'm an architect, business owner, development adviser and a small builder/developer in my professional life. I've been a shareholder and a principal in small and large architectural firms, and I currently act as a real estate adviser to private clients on projects from $2 million to $400 million in value.

I consider myself to be both tax- and bottom-line sensitive. However, I do recognize that without a healthy and well-funded society, my opportunities to succeed in business and to enjoy my personal and family life will be compromised. Accordingly, I wish to add my voice to those citizens who may be advocating for our provincial government to adopt, as a key policy goal, the reduction of economic inequality in Ontario and to amend the key provisions of Bill 55, specifically schedule 67, the Taxpayer Protection Act, to promote and permit this objective of working towards greater economic equality in the province.

There is a growing consensus that income and wealth gaps are increasing in many parts of the world; certainly in our neighbour to the south, but also within Canada. As the middle class has been somewhat hollowed out and personal and corporate tax rates have been significantly pared back over several decades, capital gains exemptions are sustained for the wealthy and austerity programs are implemented that disproportionately affect the poor. Growing disparities in economic equality—essentially gaps in income and wealth—within a society create circumstances that, in my opinion, are unfair and unhealthy for those struggling at the bottom. Despite trickle-down theories, there is a pretty wide understanding that income gaps contribute to poverty, that poverty is a social justice issue and that addressing poverty should be a key responsibility of all governments.

UK researchers and authors Richard Wilkinson and Kate Pickett collected exhaustive statistical information for their book The Spirit Level. Their analysis shows that societies with greater economic inequality—where the total earnings of the top 20%, by their measure, are large multiples compared to the total earnings of the bottom 20%—rank progressively worse in a range of social and health indicators.

For example, out of 20 Western developed countries, the United States had an income gap ratio of over eight, ranking it highest in terms of economic inequality. America also had the worst rates of homicide, imprisonment, infant mortality, obesity and teenage births, and ranked in the bottom fifth of those countries with respect to lifespan, education and illegal drug abuse. Sweden, Norway and Finland ranked lowest in terms of economic inequality, with the top 20% earning about four times the bottom 20%, and had the best overall ranking in terms of social and health problems.

Canada is ranked in the middle in terms of economic inequality, with the top 20% earning about six times the bottom 20%. We also ranked in the middle of the 20 countries in terms of social and health problems. But Canada's income gap is growing, according to a just-released report you may have heard about today from the University of British Columbia economics department that concludes that wealth concentration among our top 1% has almost doubled since the 1970s. Accordingly, we might look south of the border for a preview of where our social and individual health indicators could be trending.

Though economic disparity disproportionately impacts the bottom 20%, we all pay the price. Higher rates of violent crime and drug abuse are linked to economic inequality and have impacts and costs that spill over to all of us, both in terms of policing and health care and also impacting one's sense of safety and well-being. In countries with extreme inequality, like Brazil, where my daughter recently visited in the last couple of years, many of the top 20% live in gated communities and have armed guards.

Social unrest and responses using police to retain order can also be linked to inequality. The anger expressed by the Occupy movement, catalyzed by what most see as outrageous wealth and increasing disparity generated both before and after the 2008 economic collapse, continues to simmer in many parts of society. Further discontent is stoked by resulting disproportionate police-state-style overreactions to protests or vandalism such as we saw in Toronto's G20 summit.

For several decades, corporate and personal tax cuts and cheap labour have been accepted as being the main prerequisite for economic competiveness. I think it's time to challenge that presumption. Director of the Martin Prosperity Institute at the Rotman School of Management Richard Florida makes the case that attracting and holding on to the creative class is key to high-value job creation and future economic growth. This highly mobile demographic seeks places where social and health indicators are positive and communities are perceived as safe, healthy, and diverse. I connect the dots: It follows that reasonable levels of economic equality are key to long-term economic prosperity and competiveness.

The negative connections between economic inequality and societal well-being are, by themselves, disturbing enough. Even more concerning is the perpetuation of poverty from generation to generation within families and cultural groups. In the past, at least some of those living in poverty in Canada were perceived as having significant opportunity to change their circumstances through education and hard work. As education becomes more expensive, and living wage work is harder to come by, subsequent generations get trapped in poverty. Margaret Wente asks in a recent Globe and Mail column, "Have We Become a Caste Society?", noting, "Inequality has soared, and that should worry everyone." She goes on to state that outcomes are generally grim for the children of poor single mothers and for men who have become detached from the workforce.

So what changes should be considered to the 2012 and future budgets being addressed by Bill 55? The Ontario government deserves acknowledgement for past and present policies that either directly attack or mitigate the effects of growing economic inequality. These include progressive increases to minimum wages, implementation of all-day kindergarten, off-loading of some costs from municipal governments and recent post-secondary tuition grants.

However, in other areas this budget fails to support policies that would reduce economic inequality and, in turn, bolster the long-term social and economic health of our province. Ironically, though, governments have become expert at convincing lower-income citizens, primarily, to chase their dreams through gaming and lotteries. They seem unable or unwilling to advocate for the achievement of our shared vision of a prosperous and healthy society through adequate and fair taxation.

1830

With minor exceptions, this budget does not incorporate progressive tax adjustments that would permit the maintenance or creation of significant equality-enhancing programs. For example, the budget freezes welfare rates for the year, after a 1% increase last year, well below the 24-month cost-of-living increase. According to the Toronto Star, a single mother with two children on welfare will continue to live on an income that is 56% below the poverty line. In my view, this is unacceptable.

As a personal and business tax payer, I'm prepared to pay more for a more equal society. I ask that the Harris-era Taxpayer Protection Act be amended to permit not only the proposed 2% surtax on those earning over $500,000 but other adjustments to taxation and tax exemptions that will allow this government to fund vital programs that are critical for the long-term health of our communities and our province.

I thank you for your time and attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Mr. Olson, for coming this evening and speaking to us about the budget. From listening to your submission, I take it that you support the government's decision to freeze the corporate tax rate and the business education tax?

Mr. Wayne Olson: Yes, I support the freeze on corporate tax rates. I would actually advocate for a trend that would slightly increase corporate tax rates.

Mr. Yasir Naqvi: You also support imposing a 2% higher tax on those who make $500,000 and more?

Mr. Wayne Olson: Yes. I don't believe that it's enough, but I think it has started the conversation. I think it's an important indicator of where we should go.

Mr. Yasir Naqvi: What are your views about the suggestion that we should reduce or take away HST from home heating?

Mr. Wayne Olson: I don't have a specific opinion on that. I think the important thing is the overall trend towards addressing income inequality, so the budget credits and tax increases should be targeted to that purpose and they should be looked at through that lens. I don't know specifically whether that would help me more than it would help someone who is in greater need.

Mr. Yasir Naqvi: You mentioned that you are an architect.

Mr. Wayne Olson: Yes.

Mr. Yasir Naqvi: And help build homes for people with high incomes.

Mr. Wayne Olson: Sometimes, yes.

Mr. Yasir Naqvi: So you will agree that reducing or eliminating HST from home heating is going to unequally help those who live in bigger homes and use more heating than those who are poor.

Mr. Wayne Olson: Yes. Generally, yes, in terms of dollar value.

Mr. Yasir Naqvi: Are you supportive of government's initiative in giving a targeted reduction in post-secondary education tuition fees for those who are low income to mid-income?

Mr. Wayne Olson: Yes.

Mr. Yasir Naqvi: Great. Thank you very much for your time. I really appreciate it.

The Chair (Mr. Bob Delaney): And thanks for taking the time to come in and to speak with us this evening.

Mr. Wayne Olson: Thank you.

ONTARIO HEALTH COALITION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Ontario Health Coalition, Natalie Mehra. Good evening. Have a seat, make yourself comfortable. I know you've done this a few times before.

Ms. Natalie Mehra: That's right.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning, this time from the official opposition. Please state your name for Hansard and proceed.

Ms. Natalie Mehra: Thank you very much. My name is Natalie Mehra. I'm the director of the Ontario Health Coalition. Thank you for having us here tonight.

I guess I have to start with a process question. We actually had an emergency board meeting of our board of directors today about this legislation. In the strongest terms possible I need to register our deep concern about the process.

The Ontario public has never been given a choice or been warned about the very significant budget curtailment that is happening in this budget—the austerity budget. This approach to budgeting was never raised during the last provincial election. There were no pre-budget hearings during the winter. The Drummond commission had no public process and is not accountable in any way to the public for the accuracy or veracity of his claims.

And now, we are given four and a half days of budget hearings in Toronto only, with very little notice and very little ability for people to have time to get their submissions together properly. This is just not in the public interest. It doesn't serve for making good policy. It's not the first time that we've been rushed like this and it ought not to be the regular process.

In terms of the substance of my presentation, I think you've heard from regional local health coalitions from across the province earlier today and will some more as the hearings go on. Our concern is primarily this: Despite the rhetoric from government, health spending is not eating up the provincial budget. It's shrinking, not growing. It was 47% of provincial spending in 2002, down to less than 42% today. We are now second-last in the country in terms of health care funding. That's on a per capita basis and as a percentage of our GDP. Those are the reasonable measures of whether health spending is out of control.

Certainly, health spending as a proportion of GDP in Ontario has room to go up, even just to be at the average of the rest of Canada. If you take the aggregate shortfall and per capita funding of health care in Ontario compared to the rest of the country, the shortfall is actually very significant. It amounts to almost $6 billion a year. Most of that, if you look at the figures, really comes from the shortfall in hospital funding. Ontario has reduced hospital funding as a percentage of provincial health care spending every year since 1981—we went back to 1981—and probably before that. It used to be 53% of the budget; it's now down to the 30s. At this point, the evidence is very clear that hospital cuts have gone too far.

What then, if health care is not eating up the provincial budget and, at 42%, it's declining? If you look at all government funding of all programs and services, in fact Ontario is now at the bottom of Canada. So our health care wouldn't even be 42% of the budget if we didn't spend so little compared to our counterparts across the country on all programs and services. This is not a question of spending being out of control. The provincial deficit is clearly—the evidence is clear that it is both a creation of tax cuts since 1995 and the recession of 2008. I've given you a chart from economist Hugh Mackenzie that shows that the cumulative impact of the tax cuts on the fiscal capacity of the province since 1995 is now minus $15 billion per year: the amount of the provincial deficit. The consequence of this underfunding in health care is profound for Ontario patients.

I want to give credit where credit is due. This government has made very significant improvements in health care: in access to primary care—the supply of family doctors, nurse practitioner-led clinics, family health teams, primary care reform; in reducing wait times across the board for all kinds of surgeries and procedures; and in dramatically increasing the number of diagnostic tests that the province does. But where medicare is shrinking, where we have not caught up with demand, with need in Ontario, is in longer-term care, in all of its settings.

Ontario has cut 18,500 hospital beds since 1990, the deepest cuts of any jurisdiction we could find. We now have the fewest hospital beds per capita in Canada; we're fourth from the bottom of the entire industrialized world. We have more than 30,000 people on wait-lists for long-term care across Ontario, according to data from the Ministry of Health, and more than 10,000 on wait-lists for home care. Despite the rhetoric from the health minister, these are not trade-offs; they are just straight cuts. The funding for home care has never kept pace with the hospital cuts. Moreover, services that are being cut now are not replaceable in home care. You don't replace the closed outpatient pain clinic in Guelph with home care. You don't replace the neonatal intensive care baskets in Windsor with home care. You have not replaced the services cut in Northumberland with home care. You don't replace the acute-care beds, the surgeries, the emergency departments in Niagara with home care. They're not commensurate and it doesn't replace those cuts. These are straight cuts to health care, and they impact seniors and people with chronic illnesses the most. The consequence is in hospitals: people waiting on gurneys in hallways; in emergency departments; ambulances unable to unload because the hospital is full; patients not being about to be admitted from ERs because there's nowhere to admit them to, as there are no beds; surgeries cancelled, when people fast all night and now travel in great distances for their surgeries, because there are no beds for them to recover in; people discharged from hospital without home care, waiting for weeks or even months for home care. The median wait times for home care range from a week in some places to months, half a year or three quarters of a year in other places in Ontario. There is significant unmet need, and funding needs to provide for the needed health care services of Ontarians. That is our commitment under the Canada Health Act.

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I just want to end with two other points. There are other alternatives. We asked Hugh Mackenzie to do an analysis of the employer health tax. He looked at it and in fact this recommendation was at least in part supported by Drummond in his report. If you were to close the two major loopholes of the employer health tax, and I'm happy to fill you in with more details on that, that would generate $2.2 billion a year without a tax increase.

Finally, schedule 28 of this act: This schedule sets up a kind of über-privatization minister. This minister has the power to override other ministries, including the Ministry of Health. In section 10 of schedule 28, it specifically refers to hospitals; it's not clear to us whether this schedule would allow this über-privatization minister to override existing legislation such as the Long-Term Care Act. Lawyers are warning that it would allow an override of the public insurance act and allow the privatization of medicare. It certainly appears to allow the for-profit privatization of the administration of health care services in Ontario with no checks or balances.

It is completely inappropriate, has no place in a budget bill and has nothing to do with the budget, frankly. It's social policy and, as such, should be withdrawn. If the government wants to bring in a privatization act, then it should do so in the next session of the Legislature, subject to proper and robust debate and proper process.

That's it.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. McNaughton.

Mr. Monte McNaughton: Well, thank you very much, Natalie. It's good to see you. I think the last time I saw you was at Four Counties Health Services in Newbury or possibly in Strathroy. Glad to see you're continuing to fight for rural hospitals, in particular, since I represent a rural riding.

I just wondered if I could talk to you a bit about and get your opinion on health care being top-heavy. We are seeing waste in health care as well, when it comes to Ornge and eHealth—you know, a growing bureaucracy in health care. I just wondered if you would give me your opinion on the LHINs and where that has gone wrong or where it's working, if you support that.

Ms. Natalie Mehra: Thank you for the question. I think Ornge, actually, should be the warning about schedule 28, frankly. I mean it is a prime example of contracted-out services going terribly awry with very little transparency and very little public accountability until the opposition really has pushed it—in the public interest, I have to say.

In terms of health care being top-heavy, I'm just completing a cross-province tour, 15-town tour, and in every community, people are livid about the executive salaries, about the tiers of administration, about the consultants' reports, about the corruption and scandals. They really are looking for some concrete measures to get a handle on those things.

In terms of health care reform that could contain costs, that's one piece. I think there are other pieces, for sure, dealing with over-prescription and poor prescribing practices, over-ordering of tests, reforming home care—cornerstone—stopping the P3s. There are a variety of things that need to be done.

In terms of the LHINs, they only have 2% budget power anyway, so they are just another tier of administration, and they're fatally huge. The size is fatal. Their mandate, which requires them to endlessly find opportunities to consolidate services, is antithetical to the desires of people in Ontario and the need to access health care services. They have a flawed mandate and a flawed size. They're very problematic.

That being said, we support a regionalization of a different sort—with democracy, of course.

Mr. Monte McNaughton: Great. I know in southwestern Ontario recently, we saw a former hospital CEO in London getting a $1.2-million retention bonus on top of his salary of almost $1 million a year. We saw that whole scandal break as well. I wondered if your organization has an opinion on the doctors' negotiations that are happening right now, the OMA negotiations?

Ms. Natalie Mehra: Our position is this: What we consider to be the primary public interest is whether or not there are services being delisted that are needed health care services. We are in the midst of having the physicians we work with assess the list of delistings to see if that's the case. We've been told by the Ministry of Health that there is only one service that's being delisted that's used and it's obsolete, but we're checking that out.

In terms of the process, I think everybody has a problem with the process—that over the weekend the move toward going to conciliation was dropped. I think that is not broadly in the public interest. Other than that, we don't have a position on the rollbacks in terms of doctors' fees for radiologists and for cataracts.

Mr. Monte McNaughton: Thank you very much. We have no further questions.

The Chair (Mr. Bob Delaney): Thank you very much, Natalie, for taking time out to come and see us this evening.

MR. DOUGALL GRANGE

MR. PETER CURRIE

The Chair (Mr. Bob Delaney): Our next deputation will be Dougall Grange and Peter Currie. Gentlemen, welcome to Queen's Park. It's nice to see you. Thanks for coming out this evening. If you've been here for a little while, you've got the ground rules. You've got 10 minutes to make your remarks, following which you'll receive up to five minutes of questioning. This time the rotation begins with the NDP. Please state your names for Hansard, and commence.

Mr. Dougall Grange: My name is Dougall Grange.

Mr. Peter Currie: I'm Peter Currie.

Mr. Dougall Grange: I was a private investigator, and I used to do litigation support services. I now make my living as a licensed paralegal, primarily in small claims court. My colleague here, Mr. Currie, is a full-time searcher of public records. He knows more about rambling around in archives and at the Ministry of Government Services than anybody I know. He also knows about the difficulties.

Notwithstanding the fact that I have a degree in economics, I have come here to speak to you about the technicalities of searching, and some of the changes that are attached to this bill. Specifically—I've passed out a small bundle—what I want to talk to you about is some rather technical stuff so it might be a good idea to follow along.

The basic outline of my submission—we put this together very quickly, and I apologize now for typos etc. At tab 2 of my submission, you'll see some seemingly innocuous changes to the Business Corporations Act, the Business Names Act and other acts. These are the governing statutes that require the Ministry of Government Services to collect and maintain business information and make that information available to the public for searching.

What we find here—I have included in this the changes together with copies of the bill the way it is now. Because we were rushed, you will find the changes that are on the third page of this submission stapled behind it. These changes are very minor and apparently innocuous, but allow for—well, I don't know who is going to be making the decision along the line as to who can search what and when and in what manner. It doesn't really specify that. Frankly, this scares the hell out of me.

The governing statutes, as they now are—I'm sorry, I don't know when they were originally crafted—basically state that the information collected in these databases are to be collected and made publicly available by anyone, and anyone can take a look at this information and gather any extracts from this information freely and apparently unfettered.

Historically, the fact of the matter was that the technical limitations to searching were associated with the technical way in which the information was collected, i.e. pieces of paper presented to the minister and then finally put on to microfiche. But since 1992, the project has been under way and all this information is now being collected and kept and put in databases.

With the advent of the computer, we can now look at these databases. It's possible to look at these databases; I'm here to complain that we can't look, I want to be clear. It is possible, and I have been made aware, that the police have access to look at these databases by using search keys such as the name of a corporate director; in other words, I'm going to get a list of corporations with a particular person as corporations.

1850

Now, when you're in the business of tracking down crooks when everything has gone bad, this is the sort of investigation tool that you need. What these changes—at tab 2—to these acts basically are doing is entrenching the technical search difficulties that no longer exist. They say things like, "You can search for a document." Not an extract, so you have to know the name of the document you're looking for, so you can get the correct spelling of somebody's name. Well, that's helpful under some circumstances, but when you're trying to conduct an investigation—and I'm talking about fraud, misappropriation of money, things that I'm tripping across every day more and more in Ontario and it's becoming a real problem. The difficulty we have: I march these people down to the police and the police tell these victims, "I'm afraid it's a civil matter." Well, as their civil representative, then, I need to get the same sort of access that the police do to these records, and these are public records.

To that end—now, before I start on that, I want to make a few comments, one on the compendium to this act that deals with a lot of these changes. I've read it. There's nothing substantial in it. There's no justification that I can see in here that tells us why this is being done.

We're very fond of making applications under the Freedom of Information and Protection of Privacy Act in Ontario because we can't seem to get our hands on anything. We've asked this ministry for a copy of the briefing notes. I think in a day or two days—

Mr. Peter Currie: Two days.

Mr. Dougall Grange: In two days there will be a deemed refusal. We've gotten no response at all. You people are members of the government. If somebody could tell me if anybody has seen such a thing, let me know. I'd be very pleased to discover whether they exist.

On the issue of what is the appropriate public policy in this area—I'm an avid reader of the Economist magazine, having gotten a six-year B.A. from York University in economics. At tab 4, there are a couple of very recent articles from the Economist which discuss this issue. On page 1 there's a bit of a blurb. I'd like you to read it. I'm not going to read it to you; I haven't got much time. On the second page, under the title, "Not My Job," they talk about the issue of police. It's not just in Canada; it's not just in Ontario. This is going on around the world.

On the third page in the second article there's a short statement of what the public policy on this issue should be, and I don't know anybody who seriously disagrees with this, that "limited liability is a concession—something granted by society because it has a clear purpose. It is unclear why in parts of the world anonymity became part of the deal." I don't think anonymity was ever intended, but it was because of technical limitations. Now, for some reason, these acts seem to want to entrench that anonymity, and for the life of me I cannot figure out what the policy reason is.

Further on this, there was a report, further evidence of the correct public policy on this. I'm just a private citizen, so I have to reach out. There was a voluminous report commissioned by the World Bank called The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It. Included in my report, at tab 5, is that small section from within that report, together with the—and this report, by the way, is available online in its entirety—report on what government regulators should be doing and how they should be undertaking it. In this report they make it clear that they should be expanding accessibility to this information; it is very important. For instance, if it was very cheap to get a copy of a corporate profile report, if I was hiring a contractor and I could go online and for a buck I could get a copy of it, and I discovered that this company has only been around for a year, I could start asking questions. Another question I might like to ask is, let's put the name of the director in there and see how many companies he's run under in the last five years, and maybe I'd know whether or not I should be doing business with this guy in the first place. So if this government is trying to save money and wants to keep blighters like me from spending the time and money of the court resources, if we could pre-investigate who you're dealing with, you are less likely to get involved in litigation. No, I can't offer you any statistics on that, but having been in the field for 30 years I think, as a civilized society, it's just a good idea. I suggest you review that. Again, I'm not going to take you through that.

Now, as I said, Mr. Currie and I have been interested in getting access to more sophisticated searching products. We have not—

The Chair (Mr. Bob Delaney): You have just a little under a minute to go.

Mr. Dougall Grange: Okay. We were unable to get access to this, so we engaged the ministry in litigation, using the freedom of information protocols. Copies of our litigation materials, their submissions on that—"their" being the ministry's—are included in our response submissions.

The ministry has taken the position that some of the information in the corporate data registries is private. That's madness. There's no statutory justification for this, but these people believe it and now they want to contract out this stuff to somebody when they don't even know what it's for. It's going to be a disaster.

The Chair (Mr. Bob Delaney): And on that thought, Mr. Prue, if you have a question or two, the floor is yours.

Mr. Michael Prue: Well, I do, but I'm so intrigued. My first question is, do you need some more time, because I can cede my questioning time to you if you want to do that.

Mr. Dougall Grange: I think—the materials are here, if you want to actually read this stuff, and please do. This is very, very important stuff, and it's going to slide under the radar and we're all going to pay for it for years and years to come. So the stuff is here.

Mr. Michael Prue: Now, I'm very concerned as well, as you are, about a government that wants to contract out or privatize public records and allow private corporations, some of whom won't even be in this country, to look after this stuff.

Mr. Dougall Grange: Well, the concern I have is not necessarily that you've got a private manager; it's how you've done it. We've been working for years with this ministry, and these are the guys who brought us Teraview. These are the guys who brought us OnCorp and Cyberbahn. Look at tab 10. We put together a little price comparison about what the average public person has to go through to get a corporate profile report in Ontario. I would love to have done something on the land registry stuff, but we didn't have time. We found out that you were going to be hearing from us on—

Mr. Peter Currie: Prices in Ontario are hundreds of percentiles higher than everywhere else in the country.

Mr. Dougall Grange: Everywhere else in North America—we are so far more expensive than everybody else.

Mr. Michael Prue: Yes. I don't see Ontario listed on tab 10.

Mr. Peter Currie: Oh, it's on the following page, after the front page.

Mr. Dougall Grange: Yes, you've got to go there.

Mr. Peter Currie: That's the price list there. It's $29 to do a corporate search for one year in Ontario. It costs nothing in Newfoundland, nothing in Nova Scotia, $3 in New Brunswick, nothing in PEI.

Mr. Michael Prue: Okay.

Mr. Peter Currie: I could go through here at length if you want all the numbers. We can't do an investigation in Ontario.

Mr. Dougall Grange: I believe there is a service provider in BC, and you can see that their charge is $1.68, which I think is a $1.50 plus their applicable taxes for the standard reports.

Now, what we're talking about here today is more exotic searches as well, but all of this stuff is in front of you. We have a great deal of expertise on these three sections, because we're engaged in this litigation. But all of this—it's an access to justice issue, and nobody seems to be able to get their hands on access to justice. I see it every day, and I could tell you about it, but I'm going to need a hell of a lot more than the 10 minutes you're prepared to cede to me. I'd need 10 months. It's all of these little provisions in these little statutes and these little picayune things. The cost of these investigations sometimes stops litigations in their tracks.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: Thanks for being here. I have to tell you that we don't understand what the purpose of these changes in legislation is either, so we're probably the wrong party to have this actual issue in front of us to ask questions on. Really, it should be the government that is telling you why they're making these changes, and it isn't—

Mr. Dougall Grange: With respect, I don't think anybody in this room on every side understands what it is. I think, with the greatest respect, that Peter Currie and I understand a lot more about this than any elected MPP. This is nonsense going on from inside the ministry. They don't understand what they're for, and there's no political oversight. This is just not a big enough issue. Nobody is paying attention. I'm here to say—

Mr. Peter Currie: It has nothing to do with the budget.

Mr. Dougall Grange: I'm here to say that the ramifications are crazy. Call me—whatever—I'll talk to you. I've given you this. You can see the litigation that's in front of you. This is the best we could do in a day and a half, and I'm sorry about that.

Ms. Cindy Forster: All right. Thank you.

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The Chair (Mr. Bob Delaney): A 10-tab report in a day and a half is pretty impressive.

Mr. Dougall Grange: We were already engaged in a litigation, so we had some of this stuff at our fingertips. The typos are all my fault and the missing pages are his.

The Chair (Mr. Bob Delaney): I like your attitude. Thanks for having come in this evening and for sharing your thoughts with us.

Mr. Dougall Grange: Thank you.

CANADIAN PENSIONERS CONCERNED INC., ONTARIO DIVISION

The Chair (Mr. Bob Delaney): Our next presentation will be Canadian Pensioners Concerned Inc., Ontario division: Gerda Kaegi, Sylvia Hall, if you're in the room. Good evening. Have a seat. Make yourselves comfortable. The clerk is distributing the material that you gave us.

You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning, this time from the government side. Please begin by stating your name for Hansard and proceed.

Ms. Gerda Kaegi: I'm Gerda Kaegi, and my colleague—

Ms. Sylvia Hall: Sylvia Hall.

Ms. Gerda Kaegi: We're here to represent Canadian Pensioners Concerned, which has been around since 1969.

What I have done is attached our speaking notes to the brief we submitted to Dwight Duncan in February in the hopes that it might have an impact before the budget was finalized. You've given us a chance to speak to what's happened and to that brief, so we will reference that brief rather than repeat what you have in front of you.

We're very grateful that you've invited us, and we recognize the complexity of the situation the government is facing. We wish to draw your attention to a very few key points. First, we would say that in our brief, paragraph 2 is where we set out an argument about what one does or does not do in recessionary times, so with high unemployment and fiscal deficits.

Then I go on to discuss—and not in the brief, but since we wrote the brief, the federal government budget came down. We're extremely concerned with the implications of that budget on costs for the government of Ontario. You would be well aware of them: the environmental issues, the increases to criminal penalties, cuts to services, cuts to First Nations communities, the future of medicare, changes to OAS/GIS—just a few of the issues. They will have an impact on the government of Ontario.

Thirdly, we believe in paying taxes. It may surprise you, but we held a forum at the St. Lawrence Centre on the benefits of taxation, and we had a very good house—very interesting. We believe in supporting those who need and support public services. We see roles for the non-profit and for-profit sectors, but they're different. The government should not assume that all citizens resent paying taxes for much-needed public services.

The other general comment I'd like to make is about the attitude today. People are saying, "If I don't have a pension or good wages, why should you?" This is socially and economically destructive. Why are we in the rhetoric that attacks workers who hold good jobs? It is coming from all levels of society and, in our view, has to stop.

I'll turn to our recommendations. Revenue and taxation policies, recommendations 1 and 3: We agree it's incumbent on all of us to bear the burden of coping with these difficult times, but we do not accept the idea that everyone should equally share that burden. We argue that changes be made to revenue and taxation policies, and we are pleased with the limited moves to tax very high incomes, but we believe this could be extended proportionately.

Public services: We have recommendations 5 to 7 in our brief. We at Canadian Pensioners Concerned, almost all of us—but not all—on the board lived through a wage freeze and came out at the other end, the Rae days; better a wage freeze than job losses. We argue that working with the civil servants to identify efficiencies and improve effectiveness is the way to go.

Then we look at employment and underemployment. Those are our recommendations 8 to 12. There, I'd like to draw your attention to the special difficulties faced by recent immigrant communities, those coming after 1981. We are failing to use their energy, their skills and their desire to contribute to build Ontario in the ways we should. In particular, recommendation 11 refers to that issue.

We then go on to look at health care, which is recommendations 13 to 19. We are arguing that we must turn from the total focus on the cure system to that of health promotion and disease prevention. It is far wiser to work to avoid ill health in the first place. We cite the anti-smoking campaign, how successful that has been, and we are starting to see the reduction in lung cancer, especially among men; unfortunately, women took it up later and are still paying the cost.

Health care in Ontario and in Canada is in great need of change, and we argue there are excellent examples, both in Canada and outside, of what we can do to be more effective and efficient and with better outcomes. Home care is the way to go, not institutional care. We all know this, but it takes courage to bring it into place. You will note our strong support for the role of nurse practitioners and family health teams.

We also again want to draw special attention to our recommendation 19, which addresses the threat of CETA, the comprehensive European trade agreement. It's going to have a direct impact on the cost of prescription drugs. Please, please, unite the provinces. You've got to stop this element in that agreement, if you can.

On education, our recommendations 20 to 21, we've less to say here, as we are supportive of the actions of the government today. However, we do suggest a rethinking of the policy of universal support for post-secondary students, with the idea of targeting those limited funds to students in the greatest need.

Finally, we come to the area of poverty, our recommendations 22 to 23. There we have extensive quotations and documentation about the impact of poverty on our society. I'd like to frame our ideas in three ways.

The human cost: Poverty is the denial to Ontarians of the opportunity to grow and develop to their full potential and contribute to society. We know the burden of ill health and premature death is found disproportionately among the poor.

Then there is the financial and economic cost. There have been dozens if not hundreds of internationally recognized studies on the cost of poverty in financial and economic terms. That's page 6 in our brief. The fact that the government's budget has severely limited the low level of benefits for those who are at the bottom of our income ladder is unacceptable to us, as it means that the poor suffer the consequences more heavily than other groups.

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Finally, we'd like to draw your attention to something people often don't talk about, and that's the face of poverty. We must recognize where the highest burden of poverty lies: racialized communities, women, First Nations people, people with disabilities and single mothers with children—

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute.

Ms. Gerda Kaegi: I have finished. Thank you very much.

The Chair (Mr. Bob Delaney): Okay, thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for coming this evening, and thank you for your very comprehensive presentation to the committee. I wanted to pick up the discussion around health care that you were talking about. I agree with everything you were saying. That is, our focus needs to be more on care in the community, more in terms of home care as opposed to institutional care, be it long-term-care facilities or hospitals, which tend to be more expensive and not the healthiest option available.

I would be very interested to hear your point of view on the government's action plan to transform health care, which focuses on moving funding from institutional care to more community-based, patient-centric care provided by the not-for-profit sector closer to where we all live. Do you think that's the right direction?

Ms. Gerda Kaegi: Absolutely. It's been something we've been calling for for years. What I'd like to do is just give you an example. I'm sorry; I can't remember the date. Denmark hasn't built a long-term-care home since—I think it's the late 1980s. They're aging. They have people with chronic illness, older people with dementia. They're cared for in the community. It's cheaper, it's better, it's better for the individual.

We strongly support the move, but we don't want to see it targeted to alternative-level-of-care beds, which has been the policy up to now. Home care is targeted to get people out of hospital—not to meet the needs of those who have chronic needs—and better supported in their homes.

Mr. Yasir Naqvi: Yes, I think that's a good point you make, and that's one of the things that the action plan talks about, making sure those who have chronic conditions get care at home.

Ms. Gerda Kaegi: Yes.

Mr. Yasir Naqvi: And recently, as I'm sure you support, the Minister of Health announced three million more hours that will help 90,000 people to get care at home.

Prescription drugs is the other issue that I want to talk about, because you speak in your submission to that. Your views on the government's decision to reduce generic drug prices down to 50% and now to 25% of the brand name and taking that money and putting it in front-line care?

Ms. Gerda Kaegi: We subscribe to the documentation from the Patented Medicine Prices Review Board. Our generic drug prices are not massively out of line. They weren't with the 50% cut. They're trying to save money; that's fine.

But what we are concerned about is the patent drug industry has never met its commitment since Prime Minister Mulroney extended the patents when he was in power in Ottawa. The Patented Medicine Prices Review Board identified the clear drop of investment in Canada for research and development, whereas the generic drug industry has increased its investment and has become a major employer in Ontario.

So one has to be careful you don't kick down the industry that has created jobs, research and development here.

Mr. Yasir Naqvi: Thank you very much for your thoughtful comments. We really appreciate it.

Ms. Gerda Kaegi: Thank you.

The Chair (Mr. Bob Delaney): Thank you again for coming in to see us this evening.

We are awaiting the arrival of the next deputant. If I can ask committee members to stay close to here, we will begin as soon as the next deputant checks in. Until such time, the committee is in momentary recess.

The committee recessed from 1916 to 1920.

CANADIAN UNION OF PUBLIC EMPLOYEES

The Chair (Mr. Bob Delaney): Our committee can come back to order. We welcome our next deputant, the Canadian Union of Public Employees and Fred Hahn. You have 10 minutes to make your remarks, followed by up to five minutes of questioning. The question rotation will see you questioned by the PC Party. Thank you for coming in and getting started a few minutes ahead of schedule. The floor is now yours. Please identify yourselves for Hansard and proceed.

Mr. Fred Hahn: Sure. Good evening. My name is Fred Hahn. I'm the president of the Canadian Union of Public Employees in Ontario. As you may know, we are the largest union in the province. We represent workers in every community, in municipalities, in hospitals, in long-term-care settings, in social services like child care and community living, and in thousands of other workplaces like our public schools and our universities all across Ontario.

The 2012 budget imposes cuts to each and every one of those services, and there will be loss of jobs that will worsen our economy and our way of life. Because of this budget, school boards are already issuing layoff notices to hundreds of our members who are support staff. Some schools are even slated to close. Hospital beds will also close and health care staff will be laid off. This is what is called an austerity budget. It is entirely wrong-headed. In the name of trying to help the economy and slay the deficit, it will do the absolute opposite, and today we are providing you a very detailed examination of why austerity budgets are wrong-headed and what the economic alternatives might be, by investing in the economy through jobs and public services.

Now, I want to say congratulations to the NDP for dragging the government kicking and screaming to actually raising taxes on the most wealthy in the province, but our members remain shocked that the government would refuse to use the extra revenue generated to actually save services that they rely on in their communities. That being said, it's become clear that inside this huge budget implementation bill is buried a schedule, schedule 28, which represents an enormous shift in power away from MPPs like yourselves, placing in the hands of cabinet and, in fact, even a single cabinet minister yet unnamed, the power to decide, behind closed doors, to sell any crown corporation; to sell any asset like a highway, the liquor control board; to privatize the delivery of any service; to even turn over the health care insurance delivery to a US-based HMO—all could be done without ever putting it before the Legislature, a debate or a vote.

We were so shocked upon reading this schedule in this bill that we sought outside legal advice just to see if we were right, because we just thought it was too crazy to be believed. So today with me is Mr. Steven Shrybman from Sack Goldblatt Mitchell in Ottawa, who has thoroughly reviewed schedule 28 of Bill 55, and I'm going to ask him now to present the highlights of his findings, which you have before you.

Mr. Steven Shrybman: Mr. Chair, members of the committee, it's a pleasure to have this opportunity to address you. It's been a while since I've been in this room. I used to work in cabinet office years ago.

I've reviewed schedule 28, which is the government services and service delivery act—I think that's the way that it's styled—though it might more appropriately be called the privatization of all government services and assets without notice act, or "we no longer have to be accountable to the people of Ontario with respect to the stewardship of government services and assets," because under section 2 of the act, as I'm sure you know, cabinet is empowered to empower a minister to enter into an agreement with any person or corporation, domestic or foreign-owned, to privatize any service provided by the government of Ontario, and indirectly, through section 29 and section 30, any asset that belongs to the people of Ontario. That authority may be conditioned with requirements to provide notice, to consult, to explain to the people of Ontario why the privatization makes sense in the government's view, but there's nothing in the act that requires any of that conditionality. It simply authorizes the cabinet to create a privatization tsar; that would not be an inappropriate way to describe the authority that this individual would have to operate freely with regard to the privatization or sale of government services and assets without notice, oversight or accountability.

What is even more remarkable is that under the act, this minister is empowered to step into the shoes of any other minister of this government with respect to regulation, permitting or licensing that concerns government services and, indirectly, assets. That's section 26. The only authority the minister—this super-minister, the privatization-czar minister—would not have is the authority to manage appeals or other limited powers that are available to the Minister of Health or the Minister of Government Services or any other minister.

It's a remarkable power to invest in one individual who may operate free of the constraints that would apply to the minister responsible for health services or the minister responsible for managing provincial forests. For example, under the Commitment to the Future of Medicare Act, it would not be possible, in our view, for the Minister of Health to contract out the provision of government health insurance services, the group of services that OHIP provides, because doing so would offend the requirements of the Canada Health Act and also of provincial legislation because, under those regimes, the health insurance system of the province has to be publicly administered on a not-for-profit basis. But notwithstanding the fact that the Minister of Health wouldn't have the authority to contract out those services, say, to a US-based HMO, as dramatic and as radical as that might seem to many of you to be—and I would agree with that characterization; it's permitted under the act, as Fred has indicated—this minister would have the authority to do so, notwithstanding the constraints of other provincial statutes.

It's a rather remarkable statute. I've never seen anything like it before. I can't believe that its implications were thought through by the government. I understand that its genesis might have something to do with the government's thinking around Service Ontario, but in no way is this statute limited to the services provided by Service Ontario. It simply applies to all government services and all public assets.

The other aspect of the problems that we foresee arising from this legislation that I comment on briefly in the opinion that I prepared that you have before you arises in consequence of Canada's obligation under international trade and, indeed, internal trade agreements that make it very difficult for a government to retrace its steps once it travels down the path of privatization, and foreign investors become involved because of the extraordinary rights that foreign investors exercise under international trade agreements. You, I'm sure, are familiar with the exercise of some of those rights and the recent challenge under the WTO to the Green Energy Act in Ontario and other challenges that have confronted Ontario under NAFTA, or Canada, in relation to measures taken by the government of Ontario—even more reason to be very cautious and prudent about any privatization decision that a government might make, to think it through very carefully, to explain to the people of this province why it makes sense in the government's view to travel down that path and how it has taken into account the consequences of privatization, particularly in light of the binding constraints of international trade agreements.

All of that analysis leads us to conclude that the prudent course would be—

The Chair (Mr. Bob Delaney): Just to let you know, you've got a bit more than a minute.

Mr. Steven Shrybman:—to remove section 28 from the bill. That would be the only step, in our view, that would be consistent with the very rudimentary principles of good government that I know you all adhere to and respect. Those are my comments.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, gentlemen, and thank you for the presentation.

It seems to me that your presentation comes down to two things. You began with the issue of what you described as an austerity budget—I don't think we share that, but we'll talk about that in a minute—and the issue of privatization, which—I'm not going to put words in your mouth, but you probably think that my party might have written schedule 28, but it didn't. We have concerns with the schedule as well.

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Let's talk for a moment about austerity. This is a budget that actually is consistent with every other budget in the province of Ontario, in the sense that revenues are up, year on year, as they have been in every year, including the worst year, 2008-09, during the depths of the recession. It is a budget that, if interest were a ministry, would rank third, at $11 billion—imagine what services that could buy, if that were available—and it's a budget with a deficit of $15 billion.

First of all, I'm interested in your amplifying a little bit on why you call this an austerity budget. Please don't make the answer "because it doesn't spend 7% more, year on year, which every other budget of the McGuinty government has." The point is, they're trying to do—and I take my hat off to them—what we would like to see done, which is we've got to stop spending out of control. You don't seem to share that view.

Mr. Fred Hahn: No, absolutely not. This budget removes $7 billion from public programs—health care, education, public universities. It will result in job losses at a time when you say, and we would agree with you, that we should have a focus on the provincial deficit.

We've seen around the world, and in other parts and jurisdictions of this country, that this kind of austerity budgeting actually creates a cycle where there's increased job losses, increased unemployment, fewer people paying taxes, less revenue. What we have been advocating for some time, and what our brief would advocate, if you have a chance to read it—it is a bit long—is that there is a different way to do it.

It talks about strategic investments in public services that people rely on, particularly at a time of economic challenge and hardship. It talks about job creation, both in the private sector and in the public sector. It talks about revenue generation for government, in order to pay for that, by taxing people and corporations who can well afford to pay more in taxes to provide services that in fact create a good environment for business and are good for the economy. That's a cycling up—

Mr. Peter Shurman: Okay, so look—

Mr. Fred Hahn: That's what we should be doing.

Mr. Peter Shurman: —I'm interrupting you only because we have five minutes, Fred.

Mr. Fred Hahn: That's the opposite of austerity.

Mr. Peter Shurman: We have five minutes; I'm interrupting you not to cut you off. So you're advocating the funding to come from increased revenue by increased taxation.

Mr. Fred Hahn: Yes.

Mr. Peter Shurman: Okay. Let's move on to the other thing. I read your letter and I read the accompanying legal opinion in full and found it quite interesting. If schedule 28 were modified so that the government could, on a more limited and less—I'll use your word, sir—czar-like basis, privatize some aspects, which would of course impact some of your members, because if we're going to ask you and other interested parties to tender for services, which I think is what schedule 28 implies, would that satisfy you? Or do you want this to go away altogether in any incarnation?

Mr. Fred Hahn: We want it to be removed from the bill. Privatization actually—I mean, in general our union, our members, are against it, and not just us. Economists around the world have demonstrated time and again how the privatization of various services actually ends up costing government more. It means that there's less oversight and control. You, as an elected official, accountable to your members in your riding, will have less control over these services. That is fundamentally wrong in our democracy, and doesn't make sense economically. We think it makes no sense. We think it should be removed in its entirety from Bill 55.

Mr. Peter Shurman: We could have quite a discussion on this, but as I've said, there's limited time.

I'm going to give you an example—we've heard from people in the medical sphere, and we'll hear from many more of them. There are elements of the medical system, the health care delivery system, that are already privatized, and I'll give you an example—you've used it, by the way, as have I—medical imaging. It's very largely the case that if you were told by your doctor to go get an X-ray or a CAT scan, you would be going to a private—

The Chair (Mr. Bob Delaney): Mr. Shurman, you're going to have to sum it up, because he's going to need a few seconds to answer.

Mr. Peter Shurman: —a private clinic. Is that something you disagree with?

Mr. Fred Hahn: Yes.

Mr. Peter Shurman: Wow.

Mr. Fred Hahn: That was simple.

Mr. Peter Shurman: I'm absolutely amazed, but I thank you for the opinion.

The Chair (Mr. Bob Delaney): Thank you very much for having come in this evening to share your thoughts and opinions with us.

Mr. Fred Hahn: Thank you. It went by so quickly.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Bob Delaney): Our next deputation will be the Ontario Public Service Employees Union: Smokey Thomas and Paul Cavalluzzo.

Good evening—

Mr. Smokey Thomas: I brought my lawyer just in case you give me a hard time.

The Chair (Mr. Bob Delaney): Good evening, gentlemen. Make yourselves comfortable. As you probably are aware—we know that you've done this a few times before—you'll have 10 minutes to make your comments, followed by up to five minutes of questioning. The questioning rotation will see your questions asked by the NDP.

Please begin by stating your names for Hansard, and then continue.

Mr. Smokey Thomas: My name is Warren Thomas—Smokey Thomas—president of OPSEU, and I have with me Paul Cavalluzzo. Do you want to state your law firm?

Mr. Paul Cavalluzzo: Cavalluzzo Hayes Shilton Mcintyre and Cornish is the name of the firm.

Mr. Smokey Thomas: We used to get 20 minutes when we lived in a democracy.

Anyway, this budget: In OPSEU we value four things. We value lots of things, but four things more than any other: quality public services, good jobs for all, tax fairness and a fair and equal society, and sound fiscal management—none of which we see in this budget.

I won't go over the ground that Fred went over because he covered it very well, but I would like to point out a few fiascos of government: the Ornge fiasco, Andersen Consulting, the 407, Penetang super jail, Teranet and William Osler hospital. ServiceOntario could be lumped into that group if they actually are foolish enough to go ahead and do that.

The reason we say the budget is unfair is it doesn't do anything in there that I can see to create jobs, to create what I call a real investment climate for small and medium-sized businesses, and for Ontarians. Simply sell it off to the highest bidder, usually a foreign interest.

So on ServiceOntario, Mike Gravelle misled the public on that—or the Premier, I guess: He said it's two thirds privatized. That's simply not true. We represent 77% of the members that work in that outfit, and I think AMAPCEO has probably got about 10%. That leaves about 13% private. I wish politicians would just tell the truth now and again; that would be quite a refreshing change for a Liberal. That is pure folly.

I'll answer your question on privatization before you ask me. I'm not afraid of anything. I'm not afraid of privatization. The first principle would be that you must be able to prove to me that it saves the taxpayers money and will protect the service. Every business person and every politician I've ever put that to and said, "Give me proof," you know what? They just dismiss the question and say, "Oh, you've got a fat-cat pension," and they never answer the question. Do you know why they don't answer the question? Because it doesn't save the taxpayers money. Privatization simply does not save the taxpayers money. In very rare and limited cases, I would agree when you show that it does save the taxpayers money—there are very few, very limited.

But privatizing ServiceOntario will not save the taxpayers money. It creates a return on investment for the government of 10 to 1. So for every dollar the government spends, they get $10 back. It's $270 million a year to run it and it brings in—what?—$2.7 billion. Why you would want to give that away—it's like the LCBO.

As I've said to the Premier, Dwight Duncan, Tim Hudak, Andrea Horwath, "Why would anyone consider selling the goose that lays the golden egg?" It's one thing to sell the golden eggs, but quite another to sell the goose off. Then you no longer have that revenue stream. ServiceOntario does not make sense to privatize.

I've met Bob Stark, the CEO. I've not seen anything put in front of me that convinces me that it should be privatized. Frankly, I wouldn't be averse to a crown corporation of sorts, except I don't have a lot of confidence in the Liberals to be able to manage it. I call them the masters of half-baked and half-delivered programs.

But just on ServiceOntario, I'm going to ask Paul to speak to some issues that we have because there are parts of it that are privatized right now to an American company, and we have some very serious concerns about the Patriot Act. Paul?

Mr. Paul Cavalluzzo: Thank you, Smokey. Our concern is a real privacy concern. That is, if the services of ServiceOntario are contracted to a United States corporation or a subsidiary of an American corporation, there is a real and significant risk that very crucial personal information which is maintained by ServiceOntario will be subject to compulsion by what's called a FISA court, a foreign surveillance court, under the Patriot Act.

The problem, of course, apart from having personal information of Ontarians compelled to be produced in an American court, is that this is done in secret. The individual or, indeed, the government of Ontario will not be given notice if this personal information of Ontarians is compelled to be produced in this secret court. Of course, this violates basic privacy and constitutional protections which Canadians expect that we have under the Charter of Rights and Freedoms.

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This is a real concern. It's a concern that was expressed in British Columbia by the privacy commissioner out there when a similar contracting out was discussed. We bring it forward because, once again, these are constitutional protections which Ontarians reasonably expect, and it seems to us that if this kind of service is contracted out to an American corporation, then we will be subject to a secret court in the United States, which is an invasion of our sovereignty, apart from our privacy expectations. Thank you.

Mr. Smokey Thomas: One last—I'd like to give a shout-out to the harness horse industry that the Liberals are just decimating as we sit here. I'd say to the government, if you're going to create jobs, how do you create jobs by ripping up old agreements and lawful contracts? It doesn't speak well to their integrity by any stretch. So I give a shout-out and I hope that the government and, most notably, the two opposition parties fall in behind the Ontario Harness Horse Association and support their efforts to see some fairness there, because there are 30,000 to 60,000 jobs on the line.

I've heard the Premier say publicly that he'd be willing to fight in the election on this budget. Well, my message for the Premier is that we're willing to fight in the election for increased fairness, for increased equality and to have this budget not do any more harm than in its current form.

I wrote the Premier in 2010 and in 2011, before the budget, and asked him to apply a fairness test to the budget. I've never gotten a response to those letters. All I simply want is for the government to apply a fairness test to see if it's fair to people, to see if it's fair to business, and they don't appear to want to do that. This budget—in my notes it says it's unfair; I simply call this budget cruel.

Thank you. I'd be happy to take some questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Prue? Ms. Forster?

Ms. Cindy Forster: Around the Patriot Act issue, I was actually at the presentation by the privacy commissioner this week for her annual report. She's doing an investigation right now of a complaint we made about the moose tags being serviced out of Tennessee. But she made the comment that a well-put-together contract with the person you're contracting with could protect the privacy rights of Ontarians. What do you have to say about that?

Mr. Paul Cavalluzzo: I disagree with that totally. I was the commission counsel on the Arar inquiry, and I know that when American national security agencies feel that there is a vital interest at stake, any Canadian contract—indeed, any Canadian statute—will not stand in their way of seizing the information they want.

I'm not imputing bad faith to American agencies; it's just that they feel that when it's in their vital interest, they will take the information.

Mr. Michael Prue: I have a couple of questions here. The Ombudsman weighed in this morning on section 28 and how he felt it was going to usurp the power of the Ombudsman's office and take away ordinary citizens' rights to make complaints. Have you considered that at all?

Mr. Smokey Thomas: Actually, yes. I would absolutely support all the Ombudsman's observations. In fact, I've been lobbying the government to move the Psychiatric Patient Advocate Office over to the Ombudsman's office and actually give—I think the Ombudsman should have far greater powers to look—anywhere the government spends money, they should be able to go in and audit, which is currently not the case. This budget bill would certainly reduce that once again. Why would we bother having transparency, accountability, democracy or any kind of openness?

I said this when the Tories were in power, and now that the Liberals are in power: Here in Ontario and Canada we may not really know what we are, but we know we're not Americans. So I say to any politician who wants to give stuff away to American companies, if you want to be an American, go there and live. I won't miss you. I think Ontario would be a better place for it without American influence.

But the Ombudsman should have far more powers than they currently have.

Mr. Michael Prue: I'm really intrigued by ServiceOntario. You said there's a 10-to-1 ratio in terms of how much money is brought in versus what is spent to actually service it. This morning, we had someone from the harness industry who showed us, I think quite brilliantly, how the casinos in Ontario have lost money since 2007, since even before the recession started, and it's the horse racing industry—that and lottery tickets—that actually brings in money to the OLG. Is this government—I don't understand. The two things that make the money, ServiceOntario and the horse racing industry, they want to can in order to adopt something that is likely going to lose them money.

Mr. Smokey Thomas: I understand this much about the casino when it's in the finance minister's riding—I'm not trying to imply that it has anything to do with it, but he did say he likes that casino and he didn't like the horse track. Those casinos made money before the Americans caught on here and built casinos on the border as well. It's a myth—I think it's just pure folly to think that everybody who went to those three horse tracks they closed are going to go to the Windsor casino. It didn't work that way. They were in playing the slots because they also went to the horse races, right? The only gambling I ever do is about two bucks on a horse now and again, because I do like horse racing. But it's just pure folly because those casinos are money losers. Windsor is the one they should have closed.

I heard a business guy tell me one time, "If you're going to get rid of assets, you should get rid of the ones that lose you money and not the ones that make you money." That's why I say that sound fiscal and prudent management—I don't see that. So I agree with you, Michael. They lose money. They won't make money.

Mr. Michael Prue: Do I have any time left?

The Chair (Mr. Bob Delaney): You might if you can squeeze a question and an answer into about a minute.

Mr. Michael Prue: Into a minute? Okay. You also talked—let me just find it here. Do you have one real fast? Because I've only got a minute.

Ms. Cindy Forster: I do.

Mr. Michael Prue: Go ahead.

Ms. Cindy Forster: Actually, we have Mr. Cavalluzo here, so I just wanted to weigh into the arbitration process and the changes that are being proposed in the budget around the arbitration process, and having to have awards within a year and how that's going to affect the neutrality of the process.

Mr. Paul Cavalluzzo: One thing that international law requires is that we have fair, independent and impartial arbitration. In Ontario, we have a group of arbitrators that are very, very experienced and very expert in the area, and the more criteria, the more constraints you put on arbitrators, the unfairer the process is going to be. Obviously, the government feels the system isn't working, but there are far better ways to deal with how arbitration should be conducted in this province then what we find in this bill.

The Chair (Mr. Bob Delaney): And on that note I want to thank you very much for having come in and shared your insights with us this evening and to acknowledge and thank you for your presentation.

SEIU HEALTHCARE

The Chair (Mr. Bob Delaney): Our next presentation will be SEIU Healthcare Canada, Eoin Callan and Abdullah BaMasoud. Good evening and welcome. Thanks for joining us this evening. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. The question rotation this time will come from the government. Please begin by stating your name for Hansard and then proceed.

Mr. Eoin Callan: Good evening. My name is Eoin Callan, and I'd like to start by thanking the committee for the opportunity to appear before you this evening. I know it's been a long day for everybody so I'll try to be brief.

I work with SEIU, which is the fastest-growing labour organization in Canada, representing more than 50,000 front-line health care workers here in Ontario and more than 2.2 million members across North America, who in turn contribute to about 70 different pension plans that have combined assets of about $1.2 trillion, which represents about 16% of North America's pension fund assets.

This evening, I want to zero in on the role that pension funds play in the financial sector as providers of capital that support growing businesses, infrastructure development, job creation, economic expansion and increased prosperity. The government of Ontario has identified the goal of making Toronto a global financial centre able to rival investment hubs like Hong Kong, Tokyo, Frankfurt or Chicago. I think it's important to understand that pension funds play a key role in achieving this goal. Indeed, Ontario-based pension funds have already emerged as leaders in areas like risk management, functioning as some of the largest direct investors in today's global capital markets, able to support small, medium and large enterprises and indeed countries through critical stages in their development, and also play a role as active investors driving improvements in corporate governance and driving positive innovation in alternative asset classes. So over a period of decades, funds like the Ontario Teachers' Pension Plan and OMERS have built up pools of capital in the order of $120 billion or $110 billion or $60 billion or $40 billion in capital that they in turn invest in productive enterprises.

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There was an example a couple of days ago where one of Ontario's leading Web hosting companies announced that it had received a $1.1-billion injection from a consortium that included the Ontario Teachers' Pension Plan and two US institutional investors, which is going to allow this Ontario-based business to expand to markets overseas while driving job growth here at home. Indeed, the success on the international stage of Ontario-based pension funds is well illustrated by the example of the healthcare of Ontario pension plan, HOOPP, a $40-billion plan. HOOPP announced last month that amid one of the most volatile and turbulent periods in markets in about 75 years, it was able to deliver a better return than almost any pension fund in the world. In fact, it delivered the second-most-impressive return on its investments of any plan globally. Keith Ambachtsheer, the pension expert, has talked about the opportunity for Canada to own the podium when it comes to the pension fund sector, and the HOOPP example illustrates that this is already happening. What they've achieved is the equivalent to a silver medal on the gold stage.

This success underlines, I think, the considerable merit in the proposal in the Ontario budget that suggested that the investment functions of smaller pension funds in Ontario be pooled so they can gain and benefit from economies of scale and benefit from the adoption of best practices that have been developed by larger pension funds, which, again, are leaders on the international stage. So I think all parties and stakeholders should welcome the review that has been initiated that will examine investment-side consolidation of smaller occupational pension plans in Ontario, a move consistent with the fairly strong tradition of thoughtful and innovative policy on the part of Ontario when it comes to the pension fund sector.

In contrast, there are a separate set of measures that were presented in the Ontario budget that would fundamentally alter the landscape for Ontario's large pension plans. They would risk undermining our global leadership and would almost certainly cause unintended consequences. These measures would interfere with the governance of pension funds, limit their flexibility when responding to events and apply a one-size-fits-all approach that would take core functions that have rested with fund managers and fiduciaries for the past 30 to 40 years and put them in the hands of government bureaucrats in a way that would fundamentally alter the underlying assumptions on which their actuarial investment models are based.

Sticking with the example of HOOPP, which delivered the second-best returns in the world, HOOPP's notable because it's a fully funded plan. It's operating with a surplus; it's not in deficit. It has a healthy, funded position. It's consistently maintained, based on a strong dedication to a mission of delivering on a pension promise and a focus on sustainability, a funded position that has held through good and bad economic times as a result of prudent choices around investment strategy and risk tolerance. Notably, HOOPP has had consistent contribution rates for a decade. It has also made the difficult decision, when necessary in the face of market adversity, to reduce benefits. It has done so without having to resort to very well-designed, very robust dispute resolution mechanisms that are embedded in the governance of the plan.

Significantly, HOOPP has also managed to deliver superior returns at a lower cost than most pension plans around the world, and at a significantly lower cost than many of its peers. So to be clear, HOOPP maintains a balance of contributions from employers and employees that is roughly 45-55, and yet in doing so, it delivers a contribution rate for employers that is lower than almost any other plan you can look at, and significantly lower, again, than its peers.

That's why there is unanimity amongst stakeholders in this sector around urging the government to exercise extreme caution when proceeding with this second set of pension reform measures. Indeed, the primary employer sponsor of the plan, the Ontario Hospital Association, who you will hear from shortly on a number of matters, has signed a joint letter with a variety of stakeholders, including ourselves, urging the government to exercise caution. That airtight unanimity on the part of stakeholders, I think, speaks to the fact that when it comes to the consolidation of investment functions of smaller plans, there is an opportunity to build on the strength and the expertise that has been developed in Ontario's pension plan sector. But when it comes to the second set of reforms that would interfere with governance, apply a one-size-fits-all policy determined by bureaucrats rather than fund managers and that would fundamentally alter those underlying assumptions on which 50- and 70-year actuarial and investment models have been developed, the government should exercise extreme caution before proceeding. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you for that excellent presentation. I appreciate your points in both regards: one, in the consolidation of smaller pension funds to rely on the success that our larger pool pension funds had and see how we can replicate that; and I think your message around proceeding with caution as well in terms of the larger pools.

I think one of the things that's very clear in the budget and in the minister's remarks associated with it is that we need to work with our partners and undertake a robust process to come out with something that will ensure that these pension funds are sustainable from a long-term point of view and of course be made more successful. So in that whole vein, I really appreciate the comments you've made.

I wanted to ask your views on the post-retirement income side of things. What do you think needs to be done at the national level to ensure more security for post-retirement income? We know that the majority of the people do not have the benefit of having a pension and we need to obviously find ways to look after them as well.

Mr. Eoin Callan: I think there's a couple of parts to the answer to that question, which is a good one and a topical one.

One is that it is important to preserve a fundamental pillar of our retirement security system, which is workplace occupational defined benefit pension plans, which have served us well for decades, at a time when alternative retirement investment products have not necessarily served Canadians as well. I think that's one part of the answer and is germane to the proposals in the provincial budget.

I think the second part of the equation really builds on what we've been discussing, which is the strength of the larger Ontario-based plans. The Canada Pension Plan Investment Board, the CPPIB, is also based here in Ontario and, learning from its peers and its partners—with whom it collaborates on investment, collaborates on research and collaborates on the sharing of best practice around risk management—has also developed into a very successful actor in international capital markets, which has allowed it to develop and deliver superior investment returns for all beneficiaries of the CPP, of the Canada pension plan. So there's certainly an opportunity at a federal level, which the finance minister himself has indeed underscored on a number of occasions, to look at strengthening the CPP to ensure that it plays as active a role as it is poised to play, as it can play, in ensuring that there's retirement security and dignity in old age for all Canadians.

Mr. Yasir Naqvi: Okay. I wanted to quickly switch tracks. I know you're with SEIU Healthcare. One other big aspect of this budget is health care within the community setting, delivery of health care to ensure that there is more home care available to people who need it within the community setting. Your views on that kind of approach, where we are able to provide better health care—community-centred, patient-focused.

Mr. Eoin Callan: Sure. I think one of the more promising ideas articulated in the Drummond report was the concept of care shifting, which takes place on a couple of levels: the shifting of care between settings, so across the continuum of care, from the higher-cost acute sectors and residential sectors to the lower-cost community sectors where it's possible to deliver better-value care to people where they most want it, which is at home. That shift in emphasis, in terms of policy and investment, I think, is worthwhile and represents foresight on the part of government.

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The other area in which Drummond talked about care shifting was care shifting between occupations, ensuring that where you have high-skilled physicians, they're practising to their full scope of practice at the higher end of their skill set and not devoting as much of their valuable time to those functions that can be performed by other allied health occupations such as registered nurses, nurse practitioners, registered practical nurses—RPNs—and personal support workers. So the overall thrust of policy that emphasizes the opportunity in terms of value, in terms of quality and sustainability in health care toward the community sector and toward care shifting between occupations, we think, on balance, is a positive one.

Mr. Yasir Naqvi: Thank you very much.

The Chair (Mr. Bob Delaney): And on that thought, I'm going to need to stop you. Thank you very much for having come out to present to us.

ONTARIO HOSPITAL ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Hospital Association: Pat Campbell. Good evening and welcome. Thanks for coming out tonight.

Ms. Pat Campbell: Thank you for the opportunity. I know it's been a long day.

The Chair (Mr. Bob Delaney): I'm sure it has been for us all. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. The rotation for this round will be with the opposition. Please state your names for Hansard and proceed.

Ms. Pat Campbell: Good afternoon, everybody. My name is Pat Campbell. I am the president and CEO of the Ontario Hospital Association. With me is the OHA's vice-president of policy and public affairs, Anthony Dale.

Hospital leaders are aware that legislators are grappling with a very serious, prolonged fiscal challenge and that changes must be made to improve health system efficiency and the care that hospitals provide. That's one reason the OHA is very supportive of the government's decision to introduce an activity-based funding formula for the hospital sector. At a minimum, a funding formula will inspire hospitals to identify opportunities to continue to make efficiency gains and move to eliminate any question of arbitrariness in terms of setting individual hospital funding allocations. When combined with sound planning, data-driven goal-setting and constant, full information-sharing, a funding formula that puts quality considerations at its centre can be a powerful tool for driving performance improvement.

That said, the success of this funding formula depends on how effectively the government works with hospitals and LHINs to implement it, in order to prevent unintended consequences and ensure that individual communities continue to have the services they need. We will continue giving the government our best advice in this regard.

As a sector, we were pleased to see the 2012 Ontario budget acknowledge many of the challenges hospitals face. I would like to acknowledge the government's launch of a discussion about public sector pension arrangements in Ontario. I am very happy to inform you that the major hospital pension—Healthcare of Ontario Pension Plan, or HOOPP—is fully funded, actuarially sound and, unlike many other broader public sector plans, not backstopped by the Ontario government. That is all to say that while policy changes may be needed to strengthen or improve the viability of certain pension plans, these changes must be made sensitively and with due consideration of each plan's unique circumstances, as you heard from our previous presenter.

Health care is a people business. Dedicated, skilled professionals deliver care to the people who need it.

Hospitals spend approximately 70% of their budgets on the salaries and benefits of their employees. Although hospitals are absolutely committed to ensuring that their employees are fairly compensated, hospitals must consider that commitment in the context of today's fiscal reality.

For some time now, hospitals have noted the regular disconnect between arbitrators' decisions regarding hospital employee compensation and hospitals' ability to pay. When an arbitrator delivers an award that is out of step with economic and funding realities, what they are really doing is creating the possibility that hospitals must cut services or full-time positions, or both, in order to cover increasing costs. This shouldn't be the case, and that's why hospitals have called for changes to the Hospital Labour Disputes Arbitration Act, or HLDAA, to address this issue.

Although Bill 55 proposes some measures intended to rebalance the hospital arbitration environment, we believe that some of these proposals don't go far enough and, in the absence of additional legislative amendments, could actually make the arbitration environment even more challenging.

Because I don't have much time today, I'll focus on one key area where we believe Bill 55 and, by extension, HLDAA could be improved.

Currently, HLDAA places all disputed items arising during negotiations into the hands of third party arbitrators. Although arbitrators are required by the legislation to consider the ability of the employer to pay and the possible reductions in service that may result in rendering their decisions, history shows that they rarely do so seriously enough or in the proper context. Indeed, some arbitrators appear to take the view that hospitals are simply flow-through agencies for the true payer—the government—and that the government, by virtue of its taxation powers, has virtually unlimited ability to pay.

To its credit, the government has accepted in principle that this is a problem. This is reflected in schedule 30 of Bill 55, which proposes new clauses to section 9 of HLDAA requiring the parties to make written submissions to a board of arbitration on specific criteria.

Unfortunately, adding a mandatory requirement for written submissions pertaining to these criteria, without also compelling arbitrators to consider strategic financial and policy directions set by the government or LHINs, is unlikely to improve an employer's success in arguing ability to pay. Indeed, it may make success even less likely.

For example, even if the government or a LHIN directs a hospital to work toward a specific policy goal, such as a net 0% increase in pay for unionized hospital employees, a responsible employer may well accrue revenue to offset the potential liabilities resulting from a worst-case scenario in arbitration. If the proposed amendments are adopted, arbitrators would still not be required to adequately consider the hospital's financial situation or strategic policy directives announced by the government or LHINs. Beyond this, employers would almost certainly be forced to make this accrual a matter of record for consideration by the arbitrator, with the almost-certain result that it would be cited as evidence that they do, in fact, have the ability to pay the cost of an award.

This section doesn't address the issues associated with a negative arbitration result for a specific hospital being replicated and applied to hospitals across the province or influencing awards applying to other broader public sector employers. Every hospital is different, and their ability to meet the costs of a replicated arbitration award varies. Simply put, arbitrators should not have the ability to assume that the circumstances of one employer are the circumstances of all similar employers. Without additional amendments to Bill 55, they will. Experience from the past three years suggests that these kinds of assumptions can and do affect both hospital staffing and patient services. This can't be what the government intended when they introduced this proposed amendment.

For these reasons, the OHA recommends that subsection 9(1.1) of HLDAA be amended to clarify that the employer's ability to pay be considered in light of its fiscal situation and directives received from the local health integration network or any ministry of the Ontario government. We believe that doing so would help hospitals, LHINs and the government to meet their responsibilities and stated policy goals respectively.

In the coming days, we'll provide the committee with a written submission that includes specific legislative amendments to Bill 55 on this issue and on other key HLDAA-related ideas. We encourage legislators to carefully consider them as a package for the simple reason that efforts to appropriately rebalance the labour relations environment by taking action in one area without also moving forward with necessary actions in others may have unintended consequences.

I'll conclude by reiterating that the OHA is committed to working with legislators to help them meet their fiscal and public policy goals and to helping hospitals achieve their collective goal of an ever higher-performing health care system.

We'll be happy to answer any questions you'd have.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for being here this evening. Just a couple of areas I wanted to attack: In your opening paragraph you talked about unintended consequences, and in the closing paragraph you talked about unintended consequences. Can you just broaden that for me a little bit?

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Ms. Pat Campbell: In any change implementation, there are always the intended policy goals and then the things that happen that weren't contemplated but are a function of implementing any change process. By working collaboratively with government on these change initiatives, we can help to identify where those things are potentially happening and how they can be addressed.

It's a fact of life if you're going to introduce change that there will be both kinds of consequences to that change, and effective management through the implementation process is critical.

Mr. Victor Fedeli: In my two terms as mayor of the city of North Bay, when I sat with arbitrators and talked about our community's ability to pay and that we couldn't give the awards that the members were seeking because—we brought out all of the information we could with respect to market conditions, the average housing price that had fallen, all of the details. We spent tens of thousands of dollars every negotiation on proving our community's ability to not be able to pay, only to have the arbitrator say, "Well, that's well and good, but my instructions from my employer do not include the fact that I must take the ability to pay into effect."

On the bottom of page 3, when you talk about the amendment, is this actually the kind of specific amendment that you would see? Is there a little bit more wording that you can offer for that amendment?

Ms. Pat Campbell: In our written submission that we'll provide to you by the deadline, we will give you more specific suggestions in terms of specific language around the proposed amendments that would impact on the labour environment.

Mr. Victor Fedeli: In the second-last paragraph near the bottom of page 2, you talked about the fiscal realities and that you must consider that commitment in today's fiscal realities. Over on the middle of page 3, where you used an example of a net 0% increase, are you suggesting that the 0% increase be one of those answers to the commitment of today's fiscal reality?

Ms. Pat Campbell: The OHA has been on record for a long time supporting the idea of moving to a funding formula base that's more patient-centred in terms of how hospitals should be funded. I think what you see in our submission is support for the concept of moving to patient-based funding and the need to move that forward, but to do that in a way that's implemented by looking at good planning, sound data and constant information-sharing so that we can do it effectively in partnership with the Ontario government.

Mr. Victor Fedeli: Chair?

The Chair (Mr. Bob Delaney): You've got a fraction of a minute.

Mr. Victor Fedeli: Then I won't push any further on the 0%.

The Chair (Mr. Bob Delaney): Okay. Thank you very much for having come out to share your thoughts and opinions with us this evening.

Ms. Pat Campbell: Thank you for having us.

UNITED FOOD AND COMMERCIAL WORKERS CANADA

The Chair (Mr. Bob Delaney): Our next presentation is the United Food and Commercial Workers Canada, Bob Linton. Please sit down. Make yourself comfortable. You'll have 10 minutes to offer us your presentation and up to five minutes for questions and answers. The rotation for questions this time rests with the NDP. Please begin by identifying yourself for Hansard and proceed.

Mr. Bob Linton: Thank you, Mr. Chair. My name is Bob Linton. I'm the director of legislative and political affairs for UFCW Canada.

On behalf of the membership of UFCW Canada, Canada's largest private sector union, I welcome the opportunity to comment on Bill 55. Representing more than 250,000 members throughout the country, UFCW Canada is Canada's largest and most progressive private sector union and is the leading force for workers in the retail, food processing and hospitality sectors. Approximately 120,000 UFCW Canada members, or almost half of the union's membership, live and work in all parts of Ontario, from Kenora to Cornwall and from Kapuskasing to Windsor, with approximately 40,000 members in Toronto.

Our members are your neighbours. They are your grocery clerk or cashier at your local supermarket. They work at the Beer Store, in meat-packing plants and many other sectors of the economy.

By giving you this brief description of our members and where they work, I hope that you will understand that the comments made in this submission represent the concerns of our members—your neighbours—regarding Bill 55.

While we applaud some of the measures in the budget bill, there are many aspects of the bill that fall short for UFCW Canada members and all working families in Ontario. However, given the size and complexity of the bill, it would be impossible to comment on all aspects of it. However, what we would like to focus on is what is not in the bill, specifically what should have been included in schedule 53 of the bill, dealing with pensions and the Pension Benefits Act.

In the final report from the Expert Commission on Pensions chaired by Professor Harry Arthurs and otherwise known at the Arthurs report, it was recommended that the Ontario government create a new agency, an Ontario pension agency, as an option for workers with no pensions as well as those with deferred or stranded pensions, or to manage pension funds for former pension plan members that cannot be located. Given the economic turmoil of the great recession and the negative impact it continues to have on workers with and without pensions, Bill 55 could have been an ideal vehicle to create the OPA.

Another recommendation from the Arthurs report that has yet to be acted upon is the creation of the public pension champion agency, a new government agency that would assume responsibility for collecting and disseminating reliable information about the pension system, for thinking creatively about new pension strategies and policies, and for working with stakeholders to improve the pension system.

Changes to the overall regulatory structure, including enhanced resources, are long overdue. A more efficient, more responsive and better-resourced regulator and tribunal would be beneficial to the pension system in

Ontario and to all stakeholders, including Ontario taxpayers. Furthermore, a pension champion for Ontario would provide a more effective voice for a sector that is constantly changing, so that pension reform becomes an ongoing process and not simply an event every 20 years.

Another concern our members face is the increasing number of employers who want to change existing defined benefit pension plans to defined contribution plans. That is a change our union defends against in negotiations on a daily basis. Simply shifting defined benefit plans to defined contribution plans in the private sector is simply shifting more risks—longevity, investment and financing—to employees and, ultimately, to governments, i.e., the taxpayers.

The final issue we would like to address are recommendations 9-4 and 9-5 of the Arthurs report recommending to the government to investigate the advantages and disadvantages of expanding the Canada pension plan, or creating a comparable provincial plan, so as to enhance pension coverage, control cost and improve benefit portability. It—the government—should also support the call for a national pension summit to investigate all ideas that might produce such outcomes, including those contained in the report.

As previously mentioned, the continued trend in this country from defined benefit to defined contribution arrangements is concerning to the extent that it shifts many risks to the individual plan member, many of whom may outlive their savings. What is even more troubling, however, is the lack of occupational pension plan coverage among Canadians generally, a situation that, if left uncorrected, will continue to burden future generations.

The changes being made by the federal government to the old age security/guaranteed income supplement programs by raising the eligibility age to 67 from 65 highlight the need for the Ontario government and provincial governments throughout the country to support enhancements to the Canada pension plan.

There is ample evidence from the Parliamentary Budget Officer, the federal and provincial finance ministers' working group and respected economists from the Canadian Centre for Policy Alternatives and the Canadian Labour Congress, showing that Canada's public pension system is financially stable and there is no pressing need to increase the eligibility age for OAS from 65 to 67. Their studies reinforce that the OAS/GIS crisis is artificial and unnecessarily creating an intergenerational divide that pits young against old.

UFCW Canada members view the CPP as part of Canada's three-pronged pension system of public, individual and workplace retirement savings plans that would allow them to retire at age 65. They are fortunate to be in a workplace pension plan, but with the great recession and its after-effects, many find difficulty in saving for retirement as individuals. Those older workers who are in their 40s and 50s are now facing a further two years of work to qualify for OAS, which they see as a failure of the public system. They also face the reality that as federal and provincial governments make changes to pension plans and download the costs of those changes, there is less money for benefits.

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We applaud finance minister Dwight Duncan, who is already on record as supporting improvements and expansion to the CPP and who gave the notion in his budget speech that the federal government's proposed pooled pension retirement plan might simply replace other forms of retirement savings instead of growing the overall pie. Through Bill 55, the government could not only be a leading advocate in calling for a national pension summit, but it could also reaffirm its support for improvements to the CPP. By gaining improvements to the CPP, pressure will also be taken off other public and private retirement security programs and will allow more Ontarians to retire in dignity without fear of poverty. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your presentation. Ms. Forster.

Ms. Cindy Forster: Thanks for being here. Can you expand a little bit on what you think the impact of moving from a defined benefit plan to a defined contribution plan would be for one of your workers? We heard tonight about the well-performing HOOPP system, which is a defined benefit plan. What would that mean to an average worker represented by UFCW?

Mr. Bob Linton: I guess the easiest way to answer that is if you look back to someone who was in a defined contribution plan, that money was going into the plan and basically it's at the whim of the investment house or brokerage firm or wherever it might be used. If you look at what that plan was worth in 2008 as compared to 2011, probably, I would say, in most cases, there's not as much value in that plan as there would be in 2008, whereas with a defined benefit plan, you know what your pension is going to be. You can plan for your retirement better; you know that when you retire, this amount of money will be there. When you're in a defined contribution plan, you're at the whim of the markets.

Ms. Cindy Forster: What would be the impact on workers if they were to retire at age 65? Is there anything planned in the system to fill in that gap between 65 and 67?

Mr. Bob Linton: That's a real problem now, because it isn't. It's almost like this was something that was planned on a napkin on a flight from Canada to Davos, Switzerland. It's going to take a major overhaul if people are going to address it. If we have to go back to our employers and renegotiate collective agreements, are they going to be willing to say, "Okay, we'll cover benefits for the next two years"? I mean, when we bargain those collective agreements, we bargain them in good faith with those employers. They were fully expecting that those people would be retiring at 65 as well. That's not the case anymore.

Ms. Cindy Forster: Will they be willing to actually continue to contribute to the pension plans, or will they even be able to contribute to the pension plans for those two years?

Mr. Bob Linton: That's a question that has to be answered. In negotiations, you may find some employers that would be willing to do that, but most employers, given the economic struggles that they face in today's economy, probably are not willing to do that. They may not be able to fiscally do that in their financial planning as well.

Ms. Cindy Forster: Thank you.

Mr. Michael Prue: If there is one group of individuals in this province that understands the defined contribution plan and how it doesn't work, it's probably MPPs. But having said that, the budget, as you so succinctly and correctly pointed out at the beginning, did not contain this provision. How would you suggest we put it into the budget without costing any money? Because that's the dilemma we have as opposition MPPs at this point: Although we can take some stuff out that will save the government money, we can't really, at this point, put things in that are going to cost more.

Mr. Bob Linton: You're not just talking for the Legislative Assembly here.

Mr. Michael Prue: No, I'm talking about—

Mr. Bob Linton: Well, if you look back at the recommendations from the Arthurs report, one of the things that Professor Arthurs suggested was saying—let's step back a minute. We're fortunate because we have a joint trusteed plan, but many in the private sector or public sector don't have that, so they're at the whim of their employer, if their employer wants to change that. One of the recommendations that Harry Arthurs said was that no changes to pension plans—defined benefit to defined contribution—should be able to be made without the approval of the union or their membership. If they cannot reach an agreement, then they should enter into negotiations on that plan. Personally, I don't see anything wrong with that system and that recommendation from Professor Arthurs.

The Chair (Mr. Bob Delaney): You have about one minute left, if you'd like to use it.

Ms. Cindy Forster: Will you be providing us with perhaps some language around an amendment?

Mr. Bob Linton: I have provided a brief, but I can send an addendum to that providing language that would help with that, sure.

Ms. Cindy Forster: That would be great.

Mr. Bob Linton: So I send it to the clerk?

Interjection: Yes.

Ms. Cindy Forster: Just generally speaking, how have your members fared compensation-wise, going back over the last 20 years? I know that at one point in time, for example, people who worked in unionized grocery stores were fairly well paid, but that has kind of eroded with the sale of the chains and—

Mr. Bob Linton: Yes, I mean, first of all there has been a consolidation of change. Southern Ontario here is one of the most competitive markets for the retail food sector in North America.

I think one of the other things that we realized is what's happening in this country is—and I hate to use the word—Walmartization. We're up against these multinationals coming in from the United States that are paying less, that are saying, "A full-time job is 24 hours a week." You may get minimum wage. We've facing it again with Target moving in, all the unionized employers are all Zellers stores. Those people are going to lose their jobs. They may be rehired; they may not be. But when they get rehired, someone may have worked in a Zellers for 20 years—

The Chair (Mr. Bob Delaney): And on that thought, I'm going to have to cut you off, with apologies.

Mr. Bob Linton: I think you know where I'm going.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and shared your thoughts and opinions with us tonight.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Bob Delaney): Our last presentation for the evening will be the Ontario Federation of Labour, Irwin Nanda. Welcome. I know you've done this before—

Mr. Irwin Nanda: No. I just got elected in January.

The Chair (Mr. Bob Delaney): Okay. You've got 10 minutes to make your remarks, followed by up to five minutes of questioning. This time, the question rotation will come from the government. Please state your name for Hansard and then begin.

Mr. Irwin Nanda: My name is Irwin Nanda and I'm the executive vice-president of the Ontario Federation of Labour. The Ontario Federation of Labour unites more than one million workers in Ontario.

While we are pleased to be able to make a deputation today, we must also state that we're very concerned about the entire budget procedure. Not only were there no meaningful all-party consultations, but the time allotted to this current set of committee hearings has been too short and geographically inaccessible for those outside of Toronto.

Bill 55, the Strong Action for Ontario Act, is a vast piece of omnibus legislation. It contains 69 schedules proposing amendments to many other sets of existing legislation. It takes time to fully assess the implications of each set of amendments and to develop a sense of the far-reaching implications embodied within it.

The amount of notice provided for the committee hearings and for general deliberation on the budget has been woefully inadequate and contrary to what ought to be democratic norms.

We do acknowledge there were some small steps.

The changes that were made to the original 2012 Ontario budget as negotiated by the New Democratic Party: While we support the increase in the surtax on those earning $500,000 or more, are relieved that some critical and necessary funding for child care has been made available and are satisfied that social assistance and disability supports have been increased by 1%, we still believe that these measures do not go nearly far enough to address the chronic underfunding of public services.

Furthermore, we disagree profoundly with the decision to allocate additional tax revenue to deficit reduction and believe that a meagre 1% increase for some of our poorest citizens is inadequate.

The current deficit was not created by public spending or public sector workers. We state that the budget deficit that does exist was created neither by out-of-control public spending nor by the hard-working employees who serve in the public sector. Rather, the deficit arose as a result of the measures implemented by the Ontario government during the global recession that itself was triggered by irresponsible financial practices and unprecedented levels of corporate greed.

While we note that your government inherited much-reduced fiscal capacity thanks to a variety of tax cuts implemented by former Conservative Premier Mike Harris, we believe it is a mistake for your government to follow suit by further reducing Ontario's corporate income tax rate.

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We believe there's an opportunity for public revenue generation. As we have offered previously, there are some modest measures that your government could implement that would generate significant new money to preserve and expand public services, and we also believe there are certainly more available. We would suggest that you restore the general corporate income tax rate to 14%, and that would generate $2 billion in revenue; restore the corporate capital tax on the banks—that would generate $0.7 billion; implement a financial transactions tax at 0.1%, which would generate $1 billion; suspend the phase-in of the restricted HST input tax credits—that would be $1.3 billion in revenue; implement a uniform rate of business education taxes and index education taxes—that would generate $1 billion;
eliminate tax preferences for stock options and capital gains—that would be $1.5 billion; and audit, collection and compliance measures would be $2 billion. So that would generate new revenue of over $9 billion.

Finding the necessary public resources is critical to the province's ability to implement sound economic and social policy. While there are signs that Ontario's economy is improving, weaknesses still remain. Your government's decision to implement public spending cuts will hurt Ontario's economy, and the citizens struggling to keep their heads above water within it, at a time when thoughtful investment in the province's human capacity is critical.

So far, consumer spending, the foundation of local economic activity, especially for small businesses and the retail sector, has been an important source of growth for the Ontario economy. But there are already worrisome signs that consumer spending is tapering off, leaving Ontario's economy vulnerable to a new slowdown. Rising levels of individual debt helped sustain spending during the recession, but this approach will reach its limits if real wages continue to stagnate or if the economy is subject to new rounds of job loss, as set out in your budget.

Our concerns are not unfounded. Ontario's employment rate actually declined by 0.4% between January 2011 and January 2012. Over that period, hourly wages for Ontario workers aged 25 to 54 years increased by only 1% against a consumer price index that rose by 2.4%. This is a real dollar cut and results in reduced purchasing power for a large portion of Ontario's workforce, further undermining the basis for Ontario's economic well-being.

Low-wage earners and those on fixed incomes will be hit particularly hard, especially with food costs increasing by 4.6% just in the past year. Indeed, the CPI increased by 3.1% in 2010 and an additional 2.4% in 2011.

Over this period, Ontario's minimum wage has been frozen at $10.25 per hour. Women, newcomers and workers of colour are overrepresented in low-wage and precarious work, and are therefore the most negatively affected when minimum wage does not keep up with inflation.

Despite rhetoric to the contrary, workers covered by collective agreements saw hourly wages rise by only 0.1% last year, amounting to a 2.3% reduction in their purchasing power. The wages of those not covered by collective agreements actually rose by 1.3%, but it was still 1.1% below the CPI increase. According to the data, between January 2011 and January 2012, wages for occupations in social science, education, government service and religion fell in nominal terms by 0.2%.

Even greater nominal wage losses of 1.1% were experienced by those 55 years of age and older. These wage losses for older workers are no doubt a reflection of the deterioration of job quality that has been characterized by Ontario's recovery to date, as older workers who lost decent jobs in manufacturing and forestry were forced into lower-paying jobs or continued unemployment. In 2011, nearly 24%—or one in four—of Ontario workers without jobs were unemployed for more than 27 weeks.

This data also helps to explain why consumer confidence among Ontarians plunged by nearly 50% between 2010 and 2012. An RBC report on the consumer outlook published in February shows that in 2010, 60% of Ontario respondents thought that the economy would improve. By 2012, this proportion had dropped to 32%. In fact, 74% of Ontario respondents said that they were either standing still financially or losing ground compared to one year ago.

Despite some job recovery, unemployment levels remain stubbornly high. February's labour force survey data show that Ontario's unemployment rate was still over 8%.

As TD economist Leslie Preston noted, "The unemployment rate has been edging up and wage gains have not been keeping pace with inflation, setting the stage for spending growth to slow this year." In this context, we believe that it is irresponsible for the government to exert further downward pressure on wages and public services.

Your government campaigned on promises to protect public interest and protect public services, yet Bill 55 proposes the exact opposite. Even the Ontario Ombudsman, André Marin, has added his voice to the chorus who are speaking up against measures that will weaken public accountability and democratic oversight.

History has shown that the public sector is the efficient, cost-effective choice for delivering critical public services and protecting public interest. Your government and previous governments should not have to be reminded of the numerous past failures of public-private partnership models in everything from hospitals to hockey rinks.

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute to go.

Mr. Irwin Nanda: Only a minute? Okay.

We are categorically opposed to the privatization of Ontario Northland. This public corporation provides crucial rail and bus transportation and telecommunications services in northern Ontario.

In conclusion, it's a lot to speak on an enormous piece of omnibus legislation in the short 10 minutes we have been allotted. It is impossible to do justice to the elaboration of the many complex and negative consequences contemplated in Bill 55.

When the voters of Ontario rejected the Conservative Party's campaign promises to cut services and attack working people, they believed themselves to be voting for a party that would put the needs of people first, not corporations. Instead, the government appears to be implementing the very measures advocated by the Progressive Conservative Party and rejected by the voters.

We suggest that the Ontario Liberal government does not have a mandate for the sweeping changes set out in Bill 55. We strongly urge the government and members of the Standing Committee on Finance and Economic Affairs to reconsider its current course of action. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: First of all, Mr. Nanda, congratulations on your election as executive vice-president. Secondly, thank you very much for accepting this last slot on a Wednesday evening. We appreciate your being here today.

I just have a couple of very brief questions. I noticed your comments about the stimulus investments that the government made during the recession. Am I correct to hear that you don't support the investment we made in the auto sector, which helped protect over 400,000 jobs in the province, many of which were good-paying unionized jobs?

Mr. Irwin Nanda: We're not saying we're against that. What we're saying is that you dropped the corporate tax rates and the other measures that you put in place, and it's now time to bring those back.

Mr. Yasir Naqvi: You did also say that the deficit arose because of the measures implemented by the Ontario government during the global recession that itself was triggered by la la la la la. Those monies were spent to protect jobs. Many of them were good-paying unionized jobs. I'm sure you were supportive of that investment.

Mr. Irwin Nanda: We are supportive of that.

Mr. Yasir Naqvi: And I'm sure you're also supportive of those dollars that were invested in public infrastructure across the province that actually helped many of the good, unionized building trades jobs.

Mr. Irwin Nanda: We don't disagree with that. What we're saying is that it's not time to go backwards; it's time to keep moving forward.

Mr. Yasir Naqvi: I appreciate your coming here today. Thank you very much.

The Chair (Mr. Bob Delaney): And thank you for taking the time to come in and be our final presenter this evening. Have a good evening, and I hope everyone has a safe journey home.

A few final housekeeping notes for everybody: While this concludes our business today, we will recommence tomorrow, June 7, at 9 a.m. in room 151.

About halfway through the first period, it's Los Angeles nothing, New Jersey nothing, and toward the end of the second inning, the Chicago White Sox and Toronto Blue Jays, also nothing-nothing.

Mr. Monte McNaughton: How do you know this, Chair?

The Chair (Mr. Bob Delaney): Thank you very much. We are adjourned.

The committee adjourned at 2040.

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