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# Official Report of Debates (Hansard)

**Thursday 29 January 2015**

# Journal des débats (Hansard)

**Jeudi 29 janvier 2015**

## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
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Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
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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

Thursday 29 January 2015

Jeudi 29 janvier 2015

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*The committee met at 0900 in room 151.*

## PRE-BUDGET CONSULTATIONS

**The Chair (Ms. Soo Wong):** I'm going to resume the Standing Committee on Finance and Economic Affairs. Good morning.

## ONTARIO CAMPAIGN FOR ACTION ON TOBACCO

**The Chair (Ms. Soo Wong):** The first presenter this morning is the Ontario Campaign for Action on Tobacco. Mr. Perley, welcome. Good to see you again, Michael.

**Mr. Michael Perley:** Nice to see you again, Madam Chair.

**The Chair (Ms. Soo Wong):** As you know, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side. You may begin any time. Please identify yourself and the organization you're from for the purpose of Hansard.

**Mr. Michael Perley:** Madam Chair and members of the committee, my name is Michael Perley. I'm director of the Ontario Campaign for Action on Tobacco. Thank you for the opportunity to present today on the subject of contraband tobacco.

The Ontario campaign's partners—the Canadian Cancer Society, the Heart and Stroke Foundation, the Non-Smokers' Rights Association and the Ontario Medical Association—have been working together since 1993 to reduce tobacco use in Ontario. We've worked with governments and members from all three parties, and with municipalities across the province, to implement a variety of tobacco control measures.

Other witnesses have described contraband tobacco products for you. I'd like to focus on two main subject areas: contraband levels, tax revenue and smoking prevalence; and recommended remedies for the contraband problem.

As the figures below demonstrate, provincial tobacco tax revenue from 2008-09, which was the peak contraband period, to 2014-15 has increased. At the same time, smoking prevalence has remained within normal confidence intervals—that is, relatively stable. With about the same number of smokers using about the same number of cigarettes, tax revenue should have remained constant. Instead, it went up, which it should not have done if contraband had been increasing. The charts below demonstrate that.

Recently, statements have been made in the media and to this committee that contraband levels in Ontario have reached 40% of the total market. Data that the tobacco industry has provided to its investors, as opposed to in its public statements, shows a rather different picture.

The slides in appendix 1 are taken from recent investor day presentations by British American Tobacco, the parent of Canada's Imperial Tobacco, and from Philip Morris International, the parent of Canada's Rothmans, Benson and Hedges, and describe significant declines in contraband.

In 2011, for example, BAT concluded that the contraband market had declined in Canada from 32.7% in 2008 to 18.7% in 2010. Similarly, Philip Morris concluded that there had been a decline in contraband from 14 billion contraband cigarettes in the market in 2007 to eight billion cigarettes in 2011.

More recently, in its 2013 investor day presentation, BAT noted that while contraband has grown in many international markets, it "is flat or down in many other markets," and those markets include Canada.

Similarly, Philip Morris's 2014 investor day presentation concluded that contraband made up 19% of the Canadian market overall.

Ontario experienced its highest contraband levels about seven years ago. Where there is disagreement is on the current size of the contraband market and the meaning attached to that size of that market.

Why do we care about the size of the market? The health community, of course, wants any source of tobacco reduced, whether taxed or untaxed. The tobacco industry wants to reclaim sales lost to contraband, but the industry also wants no further increases in tobacco excise taxes. Such increases are the most effective means of reducing tobacco use. It is in the industry's interest to argue that the contraband market remains large and is increasing, in order to convince legislators not to support further tax increases. They do this through their various retail allies. Appendix 2 contains some of the headlines from these groups, advocating against tax increases.

There are two main reasons to reject industry arguments against further tax increases. First and foremost, the evidence that increasing taxes will increase contraband is simply not there. This will be shown in detail in an about-to-be-published report from the Ontario

Tobacco Research Unit at the University of Toronto. The evidence shows that the number of smokers who quit, following tax increases, exceeds the number of smokers who move to the contraband market.

Secondly, there is Quebec's experience. Quebec has reduced the percentage of its total cigarette market occupied by contraband products from well over 30% in the peak contraband era to 14% today. It has done so through the ACCES Tabac program, which I'll describe in a moment. As a result of this program's effectiveness, Quebec has also implemented two $4-a-carton tax increases over the past three years, and has done so with no detectable increase in contraband, according to Quebec Ministry of Finance officials.

Before reviewing our recommendations, I'd like to comment on the alleged impact of the government's proposed ban on menthol cigarettes on the contraband market. In 2011, the University of Waterloo's International Tobacco Control Policy Evaluation Project surveyed Canadian menthol smokers and asked them what they would do if menthol were no longer available. Thirty-five per cent said they would "quit smoking"; 40% said they would "choose another cigarette brand"; 21% said "don't know"; and 4% said they would both "choose another brand and stop smoking." These results reflect the attitudes of actual Canadian menthol smokers, most of whom are in Ontario. If anything, they tell us to make more cessation options available to menthol smokers once the ban is implemented.

I'd now like to summarize our five control recommendations. They have been prepared following discussions with tobacco control and law enforcement personnel in Ontario, and with the Quebec Ministries of Public Security and Finance.

First and foremost, Ontario should duplicate the Quebec government's ACCES Tabac program. Under this program, the Quebec government has designated all police in the province to enforce the Quebec Tobacco Tax Act. The government pays police at all levels to do investigations. The total budget for this program has reached $17 million, of which $14 million is provided directly to police by the Ministry of Public Security to enforce the act. These payments are critical as many police view contraband enforcement as a low priority compared to more serious crimes. That's quite understandable. The program investigates allegations of fraud; convenience store sales of contraband, which have practically ceased in Quebec since the program began; high-level production and mass supply; and local, direct-to-consumer cases. Many investigations focus on off-reserve supply lines which are operated in large measure by non-First Nations individuals.

Quebec's tobacco tax revenue in 2008-09 was $654 million. In 2013-14, this amount rose to over $1 billion annually. The program has also allowed the Quebec government to raise tobacco taxes twice by $4 a carton—as I mentioned earlier—once in 2012 and once in 2014, with no increase in contraband noted.

Next, we should establish a refund-rebate system for tobacco products intended for tax-exempt sale on a reserve. Under this system, manufacturers and wholesalers would ship products to reserve retail outlets at a price that would include a deposit equivalent to the Ontario tobacco tax. Eligible First Nations consumers would still purchase product exempt from tax, and on-reserve retailers would then apply to the Ontario government for a rebate for that tax paid. Such a system is in place for tobacco products in five other provinces, including Quebec. Ontario already uses a refund-rebate system for gasoline supplied for sale on reserve. Appendix 3 contains relevant excerpts from the Ontario Gasoline Tax Act.

Since the system would function at the level of licenced tobacco manufacturers, who would have to provide an amount equal to Ontario tax up front, existing on-reserve retailers that are acting illegally—that is, by selling to those who are not entitled to buy the product tax-free—would no longer have access to certain categories of inexpensive—that is, provincial tax-free—cigarettes. This would in turn limit the quantity of many brands available for sale to non-First Nations individuals. We can provide more detail on this system to the committee if requested, and we'll be discussing it with the Minister of Finance's office.

Next, raw material inputs to the contraband sector beyond raw leaf tobacco should be reduced. The two primary inputs in question are acetate tow, used for cigarette filters, and cigarette papers. Each of these products has a unique harmonized tariff code and can be tracked. Such papers are manufactured solely for the manufacturing of cigarettes, and about 80% of acetate tow produced in the world is used for cigarette filters.

**0910**

Our next recommendation—

**The Chair (Ms. Soo Wong):** Can you wrap up your presentation so that the committee can ask you some questions?

**Mr. Michael Perley:** Absolutely.

Enforcement under the tobacco act should be enhanced through empowering tobacco enforcement officers to enforce the Tobacco Tax Act. We also recommend implementation of a major public education campaign focused both on contraband and on the health impacts of tobacco use generally. And last but by no means least, we strongly recommend a further increase of at least $4 a carton in Ontario's tobacco tax rate.

Thank you.

**The Chair (Ms. Soo Wong):** Thank you very much. This round of questions is from the government side. Ms. Hoggarth?

**Ms. Ann Hoggarth:** Good morning, Mr. Perley.

**Mr. Michael Perley:** Good morning.

**Ms. Ann Hoggarth:** On behalf of myself, as a former educator, and the other members of the Legislature, I want to thank you very much for your work with the smoke-free act and also for being an advocate to curb contraband tobacco. I think it's very important, the work that you do, and I thank you for it on behalf of all the young children in Ontario who we do not want to smoke.

Ontario's 2014 budget introduced a number of measures which increased fines and allowed the impounding of vehicles involved in the illicit transportation of contraband tobacco. Do you feel those were positive steps in the fight to defeat contraband tobacco?

**Mr. Michael Perley:** Absolutely, and I think they follow a number of measures that have been introduced over several budgets, going back probably to 2008-09, to increase fines on a regular basis and to tighten enforcement. What we're recommending is simply additive to those existing recommendations. I think the proof of the value of the recommendations, including what you mentioned, is the fact that revenue continues to inch upward. That's proving that contraband supply in Ontario is shrinking, because tobacco tax revenue is going up, and the only way that can happen is if there's less contraband in the market. So I think those measures are working and I think the larger-scale things that we're recommending, a couple of them, would really be additive to what you've mentioned.

**Ms. Ann Hoggarth:** I know that on January 1 we took over the oversight of raw leaf tobacco. In your presentation, you suggested other products that perhaps we could look into taking over too. Would you go over those ones too, please, again?

**Mr. Michael Perley:** Yes. We're going to be tracking and monitoring where raw leaf grows, who grows it, how much they grow, where it's transported, who transports it, what happens to it, because there is leakage from the existing crop, which has doubled in size over the last several years thanks to the federal buy-out program; that is a whole other subject. There's leakage into the contraband system, but there has been no tracking of exactly where shipments go and who grows how much. That will now stop and there will be tracking.

In addition, we're suggesting that the basic raw material is raw leaf, but we have cigarette papers which have unique characteristics—there's only one reason why they're manufactured, and that's for cigarettes—and then the material used in the filters, the white cellulose material called acetate tow. If we control those two as well as raw leaf, then we have the entire spectrum of raw materials going into cigarettes controlled, and hopefully their supply to unlicensed or illegal manufacturers limited, if not outright eliminated—I think we're probably going too far there. But those three products taken together: If we eliminate them or significantly control them, we put a huge dent in the contraband market.

**Ms. Ann Hoggarth:** I think this is very important, the work that you do, not only to help curb the use of tobacco but also to make sure that the revenue from tobacco sales, if there are any, goes to the right spot. Thank you very much for your work.

**Mr. Michael Perley:** Thank you.

**The Chair (Ms. Soo Wong):** Thank you, Mr. Perley.

## ONTARIO FEDERATION OF AGRICULTURE

**The Chair (Ms. Soo Wong):** The next presenter is the Ontario Federation of Agriculture: Mr. Don McCabe.

While the next presenter is coming up, I just want to remind the committee members that there is a stack of materials. The Clerk just told me that they were submitted while we were travelling across Ontario. So you have some bedtime reading tonight, folks.

Mr. McCabe, welcome. Good morning. I notice that you have another gentleman beside you, so, gentlemen, can you please identify yourselves for the purposes of Hansard and what positions you have with the Ontario Federation of Agriculture? You have 10 minutes for your presentation, followed by five minutes of questioning from the committee members. This round of questioning will be from Mr. Arnott, from the opposition party. You may begin any time. Thank you.

**Mr. Don McCabe:** Thank you, Chair. I would ask my colleague to introduce himself to the room.

**Mr. Rejean Pommainville:** My name is Rejean Pommainville. I'm a director for OFA. I represent region 14, which is what I could call the far east—Prescott and Russell, Stormont and Glengarry. I'm a farmer in Russell county.

**Mr. Don McCabe:** We very much appreciate the opportunity to bring our ideas and concerns forward to this committee for consideration in the upcoming budget.

First of all, allow me to introduce the Ontario Federation of Agriculture. We are an organization that represents 37,000 farmers from Manitoba to Quebec to the Kingsville area to the south, or Point Pelee, if you want to go further south. The bottom line: We're a general farm organization that covers a great number of issues. Within our brief, you'll find that we have touched on a number of things. I will not take the time today to go into depth in all areas but prefer to start off our discussion around the whole issue of energy here in the province, and the first point underneath that is to the issue of natural gas.

We thank the government for their inclusion and recognition of the need for natural gas infrastructure in the province of Ontario in the last budget. However, we are still awaiting the opportunity to implement those ideas and move that along with the dollars that were assigned to that exercise. Natural gas infrastructure is paramount to the competitiveness of Ontario farmers and our surrounding municipalities as we move ahead within a very competitive world environment.

We are coming off what most economists now call a supercycle. In other words, the issue of $8 corn is going to be a distant memory, and issues of staying competitive will be of the utmost importance as we move ahead. Natural gas infrastructure is definitively one of those areas where we need to move along.

You will see the recommendations that we have here in bold as we move through the document. Again, I will not take time to read to you what is already available there.

Moving forward, also underneath the issue of energy—and you'll be receiving a presentation later today, as I see from today's agenda, on the issue of looking at the farm and industrial electricity rate. This is again an area where we wish to look at opportunities of lowering costs at the farm gate.

We always need to remember, when it comes to farmers, somebody had to be the "give" to the rest of the chain. What I mean by that is that farmers buy at retail, sell at wholesale and pay the trucking both ways. We have to be price-takers; we're not price-makers. Therefore, anything that's put onto us becomes a competitive cost.

So we are very much interested in seeing an indication in the 2015 budget that there is an opportunity to return to farm and industrial power rates, and that we would start to implement this in the 2016 budget by removing half of the provincial share of HST on the power bills; in 2017, remove the other half; and by 2018, use the expiration of the debt retirement charge to allow a third downward adjustment in rates. This would allow for the farm and industrial rate to come into effect without any new expenditures and to move Ontario's rates down.

Moving forward to the area of provincial transfers to municipalities, this is another area where the Ontario Federation of Agriculture wishes to make its voice known, and that's around the issue of the property tax rates that are assigned, or property taxes that are collected from those lands. Most of Ontario's farmlands are bare farms that do not require services, so we're finding that when it comes to property tax, this is becoming an undue burden for farms.

This means that some municipalities are now looking at opportunities to raise those property tax rates, and this, combined with the mismatch that's occurring when certain programs are implemented from Queen's Park with regard to transfer of funds back to municipalities, means rural municipalities are taking it the hardest.

**0920**

In fact, I am located in the municipality of Brooke-Alvinston and serve there as a fire chief. Next door is the township of Enniskillen. I also, as a fire chief, deal with the township of Dawn-Euphemia. Each one of those received a 20% cut, and that impacts the services that we're able to put together in those areas.

Moving to the last area of major importance that we wish to put on the record today is rural infrastructure investment. Rural infrastructure investment is not just bridges and roads; it's making sure that we have, back to the earlier issue, natural gas infrastructure. It means making sure that we still have hospitals that are there to be able to do initial care, and then we can move on to the larger centres. It means making sure that education is still in place for where we go. Also, the issue of Internet access: You cannot have rural businesses growing without access to the best of technologies in today's competitive environment.

We look at the issue of rural infrastructure as an exceptionally important issue, and it's much wider than bridges and roads. We are also working with certain municipalities to look right now at the issue of how to lower some of those infrastructure costs. We will have some advice coming back to the government on that particular issue.

With the time that I have left here, I'd like to touch on some other issues very quickly. That means the Ontario Risk Management Program funding—we know it is currently capped, but we also would ask that it be re-assessed to enable more adequate risk management capacity with the farming sector.

The reason for that, as I mentioned, is that grain and oilseeds have come off a phenomenal rise up, and usually after a phenomenal rise up there's a phenomenal crash. That's where we're at now, and we're below cost of production on a number of issues for the grain and oilseeds sector. Beef, in particular, is on a phenomenal rise up, and that's due to a lack of progeny out there to raise that beef, but, essentially, they will follow suit in time.

The bottom line: Farmers require risk management tools to be able to move through the system. They are able to address most of the risk in their own operation, but there are certain spots where government rules and society's wishes need to be bolstered by society's dollars, and that's where risk management comes in.

No competitive environment can survive without appropriate agricultural research that's coming in the door. Ontario's agriculture today is benefiting from investments that were made five, 10 or even 20 years ago. We need to continue to be a leader in making sure that our agricultural research dollars are there and available for leverage by our universities and the global environment. This is of paramount importance to continuing the innovation in this in where we go.

We're looking for an increase in funding to $150 million per year for agricultural research, and we're saying: Please put that across in a number of areas and in a number of ways of delivering it. We're looking to establish a means to grow matching funds from farmers and farm organizations to leverage these dollars, as I've mentioned, even further.

One emerging area that I would welcome anyone from this committee or your colleagues to further understand is the whole area of an emerging bio-economy. With our yields that we have now available from some of our crops, I wish to stress: Ontario agriculture does not have any waste; we only have underutilized, underpriced opportunity. For anybody who wants to argue about food versus fuel, remember: 40% of what we sent you, you wasted. So don't tell me how to run my operation until you clean up your own.

The reality becomes that the bio-economy is a wonderful emerging deal here that Ontario is noted on the world's stage for. You have a BioAmber plant that's going to make succinic acid in Sarnia. It's a world-class facility. It's the tip of the iceberg. We have an opportunity to own this space. There have been good manoeuvres to date on bio-digesters to make electricity at the far end, but before that, it's composites and everything else for the auto sector and so on and so forth.

With that, I will close my comments, Chair, and look forward to questions.

**The Chair (Ms. Soo Wong):** Thank you very much. Mr. Arnott, do you want to begin the questioning?

**Mr. Ted Arnott:** Thank you very much, Madam Chair, and thank you very much, Don, for your presentation. It's, as always, professional, comprehensive and very well researched. We appreciate the input of the OFA. I've enjoyed working with you over the years, and I think you've done an outstanding job as an organization representing the interests of farm families, the agri-food industry, as well as rural communities.

A couple of your stats, I think, bear repeating. Production at Ontario farms sustained 158,000 jobs, with wages of $8.1 billion, in 2012. Farm-sector economic activity contributed $3.9 billion—almost $4 billion—in taxes to all three levels of government, including $1.4 billion to the government of Ontario in 2012. Ontario farm inputs contributed, rounded off, $27 billion in gross output in 2012, with a gross domestic product of $13.7 billion. The size of the industry is absolutely staggering, and we need to continue to remind all orders of government how important it is. So thank you very much for that.

You mentioned the Premier's challenge to the industry when she was Minister of Agriculture. She encouraged the industry to create 120,000 jobs by the year 2020. Everybody's talking about it because 2020 is coming up. It's only five years away. How do you think we can achieve that? Whether or not we can achieve that, I think, is largely dependent on support from the provincial government, not just issuing a challenge. What specific steps would you suggest the government needs to do to help the industry achieve that goal?

**Mr. Don McCabe:** Thank you for the question. Yes, we're only five crop sleeps away from 2020. That's not meant to be sarcasm; that's meant to be that within those five years you will see continued innovation that will come about, but it will only come about with an infusion of what has been mentioned in this budget document.

I want to come back to the issue of how we need research investment today that's ready for 2021, to push us further. We need natural gas infrastructure built and put in place and those routes established to move us forward. We need the opportunity to get our electricity rates back in line with most of North America. We need the opportunity to see these investments. In general—again, it's not meant to be sarcasm—I can't move the farm, but if you narrow the distance that I have to move my product to, that removes a barrier to competitiveness, bar none. Therefore, it's the issue of drawing new businesses and jobs to this location.

If you wish, Rejean, I'd like you to pick up on what that would mean for eastern Ontario.

**Mr. Rejean Pommainville:** I'm very proud of this document. The board of directors has worked quite a bit to develop this document. It's a global approach. If you only take one aspect of it—if I take natural gas, the regulations with it and everything, the red tape and everything; everything has to work together. That's what's important for the farmers of eastern Ontario and farmers all over the province.

We're asked to produce more. The population is growing. The demand on farmers is increasing. We're trying to do our best, but the government has a responsibility to ensure that the rules and regulations that we adhere to and the atmosphere, the—I'm French; sometimes the words don't come to me easily. I think it's important for the government to collaborate with the farmers and farm organizations to make sure that we are progressing in the right way.

The Premier gave us a big challenge. We are willing partners to address this challenge, but you've got to help us by giving us the tools to be able to do this.

**Mr. Ted Arnott:** The 2014 provincial budget was presented in the Legislature in the spring of last year. As we know, the New Democrats indicated publicly that they would not support it. After that, the Premier decided to call the election, not giving us an opportunity to debate the budget and not giving us an opportunity to vote on it. She went ahead and dissolved the House. The election took place. Of course, the government was re-elected. They introduced an identical budget in the Legislature in the summer.

You mentioned that in the 2014 budget there was a commitment to help extend rural natural gas via a loans and grants program. Here we are talking about the 2015-16 fiscal year with the budget that is pending. Would you not have expected that by now there would be some details about the loans and grants program that the government announced in the previous budget?

**Mr. Don McCabe:** The short answer is yes.

**Mr. Ted Arnott:** I would have too, and I would hope that very soon we'll hear some additional details from the government on that.

You mentioned with respect to electricity that we need to "Announce a return to farm and industrial power rates in the 2015 budget." When did we last have a different farm and industrial power rate in the province of Ontario?

**0930**

**Mr. Don McCabe:** To be honest, Mr. Arnott, I cannot give you the exact year, but there's a gentleman who will be here at 3:30 today who was probably around to help make that program happen: Ted Cowan. He'll be able to give you that exact year.

**Mr. Ted Arnott:** And I should know that too, but I was just trying to get clarification on that. Hopefully we can get an answer, perhaps from legislative research.

**The Chair (Ms. Soo Wong):** There's no more time for your questions.

**Mr. Ted Arnott:** Again, as one of the members representing rural Ontario on this committee, I want to express my appreciation to the OFA for your presentation.

**The Chair (Ms. Soo Wong):** Thank you very much, gentlemen, for being here this morning, and thank you for your written submission as well.

**Mr. Don McCabe:** Thank you for your time today, committee.

## ONTARIO PUBLIC SERVICE EMPLOYEES UNION

**The Chair (Ms. Soo Wong):** The next group coming before us is the Ontario Public Service Employees Union.

Mr. Warren Thomas, the president, will be here. Mr. Thomas, I think the Clerk is going to help to distribute your presentation. Welcome, sir.

**Mr. Smokey Thomas:** Thank you.

**The Chair (Ms. Soo Wong):** As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning from the committee. This round of questioning will be from the third party. You may begin any time. I also see one of your colleagues with you. Can you both identify yourselves for the purposes of Hansard, as well as your positions with OPSEU? Thank you.

**Mr. Smokey Thomas:** Good morning. I'm Smokey Thomas, president of the Ontario Public Service Employees Union. With me today is our political economist, Randy Robinson.

We're here to talk about the next Ontario budget on behalf of roughly 130,000 Ontarians whose work adds value to the lives and communities of every person in this province, including every person in this room. Not a day goes by when you don't benefit from the incredibly varied and vitally important work that OPSEU members do. Taken together, the work of OPSEU members makes Ontario a kinder place, a safer place and a smarter place. We make it a better place. The work of the public sector also makes Ontario a more prosperous place.

Overall public spending at all levels of government provides roughly 20% of the jobs in the Ontario economy. But here's an interesting fact: Among employed people in Ontario, 32% live in a household where at least one person works in the public sector. What this means is that when you cut wages and benefits for OPSEU members or other public employees, you're cutting into the spending power of nearly one third of the working people in this province. You're cutting family spending power, and that is gutting our ability to create good jobs with good pay in this province. The Centre for Spatial Economics, a mainstream forecasting firm, has estimated that the economic drag from the current government's austerity program will reduce the number of jobs in Ontario by 105,000 in 2015 and cut GDP growth by 0.6 percentage points.

Slower growth, of course, means lower tax revenues. It is no wonder that after five years of wage freezes and benefit cuts across the provincial public sector, the Ontario deficit is actually going up. Austerity is not working. It's time to stop the wage cuts. It's time to start putting money back into working households. It's time to boost consumer demand so this province can create more of the good jobs with good pay that this province needs.

Stronger public services are good for people and they're good for the economy, but right now our public services are starving right across the board. It's time to put money back into those services. People need them. People deserve them. People depend on them.

Just as importantly, it's time to raise the living standards of our poorest Ontarians. Recently, there was a lot of media attention on social assistance because of the SAMS computer system's difficulties with issuing correct cheques. What we didn't hear about was just how small those cheques were.

A single person on Ontario Works cannot get by on $626 a month. We need to raise the rates substantially for both Ontario Works and the Ontario Disability Support Program. Tiny hikes below the rate of inflation just don't cut it. As I've said to many finance ministers, a 1% raise on nothing is nothing.

We can afford to care. At present, Ontario has the lowest public spending per capita of any province in Canada, but at the same time, our GDP per capita is at record levels. There is lots of money in this province. We can afford the public services people need and expect from their government in a First World nation. What we cannot afford is to funnel the wealth of this province to the people who need it least.

The last 20 years in Ontario have seen a massive transfer of wealth from regular people and the public services we depend on to big corporations and the high-income individuals who live off them. This has happened through tax cuts and it has happened through privatization.

Much has been said by others about taxation, so I will only say this: At a time when Canadian corporations are sitting on more than $600 billion in cash, we need progressive tax measures that will breathe life back into public services and get some of that dead money back into circulation in our communities. That money could be creating jobs and improving services. That money should be creating jobs and improving services.

On the issue of privatization, we've gone far past bad policy; we're now into a full-blown crisis. We all saw the Auditor General's report. We all know that we've paid $8 billion too much for major infrastructure projects because of the government's alternative financing and procurement model. We all know that that money came straight out of the public purse. In terms of lost money, it's at least 100 times worse than what happened at Ornge. At the very least, it warrants a special investigation by the public accounts committee.

Unfortunately, it's not only infrastructure projects that are throwing away public dollars on privatization. The government's policy of alternative service delivery is shovelling dollars by the bucketful to companies that are delivering services at higher cost than the public sector. The excessive costs of contracting out government IT services, medical lab testing, LCBO agency stores and other services have been well documented. It is costing us hundreds of millions of dollars each and every year.

Clearly, we need to get privatization under control. That's why I and my colleagues at OPSEU have proposed legislation to rigorously test proposed privatizations so that bad proposals can be rejected before they do damage. Under our five-point plan, a new law would require that:

(1) No public service will be privatized or contracted out without public consultation and clear evidence that privatization will lead to improved services.

(2) Any decision to privatize or contract out a service will not be made without a full and open review by an independent body or individual who will ensure that full

cost-benefit analysis and comprehensive social and economic impact studies are conducted.

(3) Public sector workers and their representatives and other interested parties shall have standing in the review process.

(4) The reviewing body or individual will issue and table with the Ontario Legislature a final report with recommendations along with all studies and analyses.

(5) In the event that a specific privatization is recommended, employees will have the ability to move to the new employer with existing rights, benefits and entitlements.

I would be delighted to see enabling legislation for this in the budget bill. I actually asked the Premier a week ago last Sunday—we had this five-point plan on the bargaining table in OPS. She said that she's not going to bargain it. So I said, "How about putting it in legislation?" We'll see if she's given that any thought.

This year, I've purposely shortened my presentation to allow more time for questions, and we'd be pleased to take your questions now.

**The Chair (Ms. Soo Wong):** That would be great. Thank you very much. Ms. Fife, do you want to begin the questioning?

**Ms. Catherine Fife:** Thank you very much for coming in and sharing your opinion. I don't think anybody here is questioning anything that you're saying, but what I do want you to get to is that, whether it's eHealth or Ornge or MaRS or the P3 infrastructure projects, Smokey, what advice would you give this Premier as to where the dollars are actually going?

**Mr. Smokey Thomas:** The advice I have given her and would give today is to stop all privatizations. I've asked that of Dalton McGuinty, Dwight Duncan, Matthews, Wynne, everybody, and even back into the Tory years, and to do the five-point plan. Deb Matthews, Kathleen Wynne, Dalton, Dwight, they all said to me, "We can prove to you that privatization saves money and that it's better for the taxpayers." I said, "Then prove it. You'll shut a guy like me up."

**Ms. Catherine Fife:** Yes, and so—

**Mr. Smokey Thomas:** And you know what? Let me finish. Last September, Deb Matthews says, "I'll have the evidence to you within two weeks." I'm still waiting. You know why they don't send me the evidence? Because there is none because privatization is a rip-off of the taxpayers' money.

**Ms. Catherine Fife:** So that leads me to—and you reference it in your presentation—the annual report from the Auditor General from 2014. Why the P3 model of alternative financing procurement has not gotten more attention in this province is very surprising, actually. In that report, the AG, an independent officer of this Legislature, found that we're borrowing money at the highest interest rates. There's no empirical evidence to justify or rationalize the transfer of risk. In fact, that risk just gets downloaded to the small guys, the smaller contractors. Even the value-for-money assessments were conducted by companies or corporations who said that they couldn't verify the numbers. She highlighted a conflict of interest.

**0940**

These are very serious issues, and I think there's a theme that resonates through all of the privatization agenda of this government. Do you want to comment on that?

**Mr. Smokey Thomas:** Yes, I do. Good question. This Liberal government attacked the Auditor General, whose credentials, I think, are without question. I just find that egregious. They call me ignorant, but that's more ignorant than anything I've ever done to anybody.

On the P3s: Let me put it in perspective. This risk transfer—I've been asking about this for a long time; so have the Ontario Health Coalition and a lot of people. They say, "No, the risk is transferred down the road. We don't have any risk." Well, let me tell you how these P3s work. If you go to Waypoint, the new mental health facility up north, or any other hospital—the contractor owns and runs the building. You can't hang a picture without going to the contractor, to get the contractor to pay for it. You've got to pay him to do it. They'll charge you $100, $200, $300, $400 to hang a picture, never mind fix the leaky toilet that should have been warrantied. There is no forward risk for the contractor, because the taxpayers pay all the bills along the way. It's just unbelievable. We called for a public inquiry into it.

Again, I've been asking the government to show evidence to us. What ends up happening after this in hospitals is that they're closing beds because the government doesn't fully finance and the hospital has to come up with more money. Where I'm from, at the former Kingston Psychiatric Hospital, we're closing beds. There's no corresponding service in the community.

So it just really screws all of society to make a few companies filthy rich.

**Ms. Catherine Fife:** Very rich, I would say.

In your recommendations, you ask, in particular with regard to the P3 findings of the AG, that we should at least do a special investigation by the public accounts committee. I just want to pull that back a little bit. As far as I can tell, as finance critic, the public accounts are the most accurate numbers in this place because it's the money that has been spent. The public accounts show, even on the IT file that OPSEU has highlighted, that we are paying two to three times as much as we would if the public service employees were delivering those services, and this government doesn't seem to care about that.

If we try to push for this investigation—I'll support any investigation to save the people of this province $8 billion. What would you hope to see out of a full investigation by this committee?

**Mr. Smokey Thomas:** I'd like to see everything. We have an example right now in bargaining. They brought a private contractor to the bargaining table to say, "Here's what we'd like you to agree to." This contractor, who was a deputy minister in the government, set up privatization, worked on the health care file, on benefits and stuff. She went off, retired, drew a pension—probably a $150,000- or $200,000-a-year pension—set up a company, then came back and wants to bid on overseeing the benefits. What she wants to do is—she has a third-party company. So my doctor would write me a prescription, and that prescription would then have to go to this third party to be approved or amended. You can imagine what we told them. Suffice to say, the answer was no.

What I find absolutely flabbergasting is that in bargaining, they would bring a private contractor to the table and say that they want us to agree to that contractor, who probably hasn't been gone two years and is violating—I send letters all the time to the government about managers who leave and set up companies, come back, bid on IT and get it. Do you know what the government does? Nothing. So I'm going to start to publish a list in the paper of all these managers who have gone off and set up corporations, come back and bid on work. I'll shame the hell out of them. I'm sorry to swear. I'll shame them to death, if I have to.

**The Chair (Ms. Soo Wong):** Mr. Thomas, thank you so much for your presentation, and thank you for your—

**Mr. Smokey Thomas:** I'll just close by saying to the Liberals, the war is—

**The Chair (Ms. Soo Wong):** Thank you.

## ONTARIO MUSEUM ASSOCIATION

**The Chair (Ms. Soo Wong):** The next presenter is the Ontario Museum Association: Marie Lalonde, executive director. Welcome. Good morning.

**Ms. Marie Lalonde:** Good morning.

**The Chair (Ms. Soo Wong):** Ms. Lalonde, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin any time. Please identify yourself for Hansard purposes.

**Ms. Marie Lalonde:** Good morning. I'm Marie Lalonde. I'm executive director of the Ontario Museum Association. Je suis directrice générale de l'Association des musées de l'Ontario.

**The Chair (Ms. Soo Wong):** Ms. Lalonde, before you begin, you could speak in French, because we actually have official translators.

**Ms. Marie Lalonde:** Thank you. I will be speaking in English.

**The Chair (Ms. Soo Wong):** Okay. I just wanted to make sure.

**Ms. Marie Lalonde:** The Ontario Museum Association is the leading cultural organization in Ontario that is working to ensure a relevant and sustainable museum sector in the province for the benefit of Ontario citizens, as well as our global community. Together, our province's museums create a network that tells the story of our province and its people. We create a framework for understanding and social cohesion.

The Ontario Museum Association has over 1,100 members from every corner of Ontario. We have members in all your ridings. In fact, a few members of the committee have members in their ridings, and I'm thinking of St. Mark's Coptic Museum in your community, Ms. Wong; and of course, Ms. Fife, the Waterloo-Wellington regional museum network. That is a very dynamic group of organizations. Each museum has a mandate and a program that enriches our collective appreciation of the quality of life in Ontario. Together, our members tell the story of our province's history, and we also help Ontarians understand the changing dynamic and diversity of the province.

Museums have moved well beyond the 19th century to become an important player in understanding and interpreting the current context in which we live. I'd like to speak, for example, of the Markham Museum. It's a great example of a museum that plays an important role in its community by responding to and being very inclusive of its diverse cultural population. We know that Markham is possibly the fastest-growing Canadian city, and it has as well a fast-growing population of new Canadians. The museum interprets history from before settlement. It has recently, for example, set up an archeological lab. Volunteers and interested citizens are learning the beginnings of their community, how to understand artifacts, their meaning, and also how to interpret and properly handle these objects.

These museums offer, as do all of them across the province, a variety of programs, from March break for kids to summer camps. There was also, last year, a monumental project with York University—Land/Slide: Possible Futures—which looked at fast-changing urban spaces and urban planning. There is the upcoming Canada: Day 1. It's an exhibition which explores the immigrant experience. It is a participatory exhibit which speaks to firsts: first steps, first experiences coming to this country. It was developed in partnership with Pier 21, where some of my own family came. My husband's family first came to Canada through Pier 21 and to Ontario to build their lives, making their own important contribution to our province, and proudly so.

Museums show Ontarians how they can participate and engage with their new community. They find their place in Ontario, their new home. It also provides youth with opportunities, from doing the 40 hours of volunteer service, to find peers who understand their own experience, growing up as first-generation Canadians in new cultural and social settings.

Museums in Ontario are part of what builds Ontario up. They play an important role in the economy and vitality of communities across the province. Through a very modest provincial government investment, this province boasts leading institutions, from the province's Royal Ontario Museum to the McMichael Canadian Art Collection; and, of course, a number of small but vital community museums across the province, like the Sheffield Park Black History and Cultural Museum in Collingwood or the Dufferin County Museum and Archives, which tells the story of the agriculture of that region.

Ontario's 700 museums, galleries and historic sites contribute significantly to the province. I'm sure you're aware that the cultural sector contributes $22 billion to the province's GDP. They employ 10,000 Ontarians, and over 16,000 volunteers are engaged. They're a key part of our tourism economy, attracting two fifths of the Ontario-bound tourism market. That translates into almost nine million visitors each year. If I may add, with the devaluation of the dollar, our cultural assets become even more important.

**0950**

Museums leverage investments from the Ontario government and other public partners to create economic and qualitative benefits to Ontarians.

Ontario museums invest in our province's people. We're part of what makes Ontario communities among the best to live in. The list that recognizes this internationally is long.

Forty-eight per cent of Ontarians visit a museum or gallery each year. Annually, more than a million visits by schools are made to our museums, supporting the education curriculum.

Museums are often key partners in important civic recognitions like the 400th anniversary of the francophone presence in Ontario this year, in 2015, and the upcoming Pan American Games. We will be celebrating Heritage Day at Muséoparc Vanier—Museopark—highlighting the rich history and contributions of Franco-Ontarians. Some of our members, such as sports halls of fame and museums, will be contributing to the Pan Am celebration and legacy.

Through the programs and collections of Ontario's museums, we foster a sense of well-being and community cohesion. We contribute to the quality of life that we enjoy in our province and that brings people to this province to live.

Ontario museums do all this with limited resources, including those from the government of Ontario. I acknowledge, while stating this, that we are not insensitive to the fiscal challenge that is before the province and the government. The realities are there, and we recognize them.

Ontario's investments in museums and the cultural infrastructure we support are stagnant. The Community Museum Operating Grant program, which supports institutions like the museums of Prince Edward county, has not grown since 2007. Support to the provincial agencies, like the ROM and the McMichael, that are a very important part of the museum ecosystem, with travelling exhibits and conservation support—they support smaller institutions—has declined since 2012, all at this time when the cultural sector continues to be an economic driver for Ontario, contributing to our province's growth.

To adapt and respond to eroding public resources, museums innovate. They develop partnerships. I know that last week you heard about the Timmins Museum and its partnership with the orchestra locally. They are all good things. They're all initiatives which our members support, and our sector does as well.

In our view and the view of our members, we're at a point where we can no longer tighten our belts. Museums are doing all they can with limited resources, but now operations are suffering and opportunities are missed.

Going forward, museums continue to be prepared to take bold transformative steps to ensure that our institutions provide valuable services and contributions to their communities. We can't do it alone, though.

The Ontario per capita investment in museums is among the lowest in the country. Our institutions are stretched, as is our workforce. We have less and less opportunity for qualified graduates who want to become the future museum workers.

**The Chair (Ms. Soo Wong):** Ms. Lalonde, can you wrap up your presentation, please?

**Ms. Marie Lalonde:** I will.

As Ontarians look forward to important historic celebrations, we recommend and request that the Ontario government invest adequate resources in our province's museums. This means engaging with us in a transformative dialogue. We don't expect it all to happen this year, but over time, and we are seeking sustained and increasing investment, commensurate with museums' contribution to our communities and our economy.

Thank you very much. Merci.

**The Chair (Ms. Soo Wong):** Thank you very much. This round of questions will begin with Ms. Vernile.

**Ms. Daiene Vernile:** Good morning, Marie.

**Ms. Marie Lalonde:** Good morning.

**Ms. Daiene Vernile:** Thank you very much for coming and appearing before this committee and giving some insight into the important work that you and your association are doing in helping to preserve Ontario's rich history.

Your association recently received funding from the Ontario Trillium Foundation. This was to provide bilingual community engagement. Can you tell us a little bit about that? What was the outcome of that?

**Ms. Marie Lalonde:** Thank you for bringing that up. We're very grateful for the support from the foundation to assist us. It is a program that looks to museum succession in a general way and has enabled us to deliver some workshops to communities across the province for better, improved and stabilizing governance in our museums. Similarly, there is support to the workforce, the emerging museum professionals. In French, in particular, we're developing important resources, again, for the governance of those organizations. It is an important investment, and we are ensuring that we reach as many of our 700 museums, but clearly that is a work in progress.

**Ms. Daiene Vernile:** The Ontario Museum Association also receives a summer experience grant every year. Can you tell us how that has had an impact on your association?

**Ms. Marie Lalonde:** It is again a very valuable grant. We are able to provide seven weeks to often, I would say, high school students who may be showing some interest in the field of museums and heritage. This is an important, albeit short and minimum-wage, grant that we benefit from.

**Ms. Daiene Vernile:** Marie, I'll tell you, my husband is a director at a theoretical physics institute in our Waterloo region, and they are actively recruiting scientists to come and work at the institute. They're up to 150 scientists and they're still recruiting. The number-one question that these young scientists ask when they're considering moving to our area with their families and children is not about the cost of housing and not about schools; what they want to know is, "What is there to do in Waterloo region and in Kitchener–Waterloo?" They want to know about museums, art galleries and other cultural attractions. What role do you see yourself playing in building Ontario's economy?

**Ms. Marie Lalonde:** Museums help build the province up. We've talked about it. I've mentioned it. It really is about not only providing an authentic and important experience to newcomers, visitors, people and local residents and provide exactly that: the quality of life that they seek for themselves and their families. But there is also that interest in museums—offering museums as an experience that can be an asset in terms of tourism. We often think of tourism and look at the important infrastructure of hotels etc., but the point is that people come to experience what the museums have to offer. What is really being worked on is an important offer to all Ontario citizens and newcomers. It's crucial work. In many ways, precisely, these scientists on their own will often visit the very museums that hold the records of all the research and often can help improve their own work on a daily basis.

**Ms. Daiene Vernile:** You mentioned that almost half of all Ontarians reported that they visited a museum in the past year.

**Ms. Marie Lalonde:** That's correct.

**Ms. Daiene Vernile:** What can you do to boost those numbers?

**Ms. Marie Lalonde:** We'd like to look at what current support and mechanisms are in place. We'd like to look, for example, at the current programs that are in place for which we are very grateful but that haven't been updated—for example, the Community Museum Operating Grant program—since the 1970s. So we know that museums are responding to the opportunities that the digital world creates. We now are a global community, and youth is engaged more and more. We want to see how we can revisit perhaps and work in a transformative way with government to create new opportunities.

**The Chair (Ms. Soo Wong):** Ms. Lalonde, thank you for your presentation. If you would like to submit your presentation in writing to the committee, you have until tomorrow, 5 p.m.

**Ms. Marie Lalonde:** Thank you very much. Merci beaucoup.

## ONTARIO HOME BUILDERS' ASSOCIATION

**The Chair (Ms. Soo Wong):** The next presenters are the Ontario Home Builders' Association. I think I saw Joe. Yes, he's standing right there. Welcome, Joe. I believe your colleague, Michael, is also joining us. As you know, you have 10 minutes for the presentation, followed by five minutes of questioning from the committee members. This round of questions will be from the official opposition party. You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

**1000**

**Mr. Joe Vaccaro:** Ms. Chair and members of the committee, my name is Joe Vaccaro. I serve as the CEO of the Ontario Home Builders' Association. Joining me is OHBA's director of policy, Mike Collins-Williams.

Thank you for providing us with the opportunity to give our recommendations for the upcoming provincial budget. In addition to our remarks today, we have prepared a comprehensive written pre-budget submission that I believe you have just received.

We also appreciate the opportunity that you provided the Greater Ottawa Home Builders' Association, the London Home Builders' Association, the Sudbury and District Home Builders' Association as well as the Niagara Home Builders' Association to address you over the past two weeks. I understand that they focused their recommendations on the underground economy and local infrastructure priorities.

Today I'll start OHBA's remarks by giving you a brief overview of Ontario's housing market, and then address a different set of recommendations than our local associations have already provided, and that is about taking the politics out of planning to support economic development and investment-ready communities.

OHBA represents 4,000 member companies organized into a network of 31 local associations across the province. The residential construction industry supports over 322,000 jobs paying over $17 billion in wages, and contributes over $43 billion to the provincial economy. In 2014, we experienced a 3% decline in housing starts from 2013. I should mention that 2013 was actually already down 20% from the previous year. CMHC is, however, forecasting a slight uptick in activity for 2015. But our message to you is that despite all the cranes you see on the skyline here around Queen's Park, across Ontario it has been a different story. It continues to be absolutely critical that all levels of government work with the industry to reduce barriers to investment and lay the foundation for sustainable, long-term economic growth in Ontario.

I'd like to highlight a recent TD Economics report, GTA Housing Boom Masks Growing Structural Challenges, which states concerns that housing that is affordable for people to purchase and to rent has become an obstacle for many Ontarians. A growing share of households are struggling amid rising housing costs. OHBA is concerned that escalating taxes, charges and fees across Ontario are having a negative impact on housing affordability and choice. As taxes and other government charges increase, these are not absorbed by the industry but are added to the cost of a new home and to new business centres.

I'd like to highlight that a recent study by the Altus Group found that up to 23% of the cost of an average home in some GTA municipalities were "new neighbours taxes" and that a 2010 CMHC study, which was conducted before the HST came in, found that new homes in Ontario were among the most heavily taxed in Canada. These taxes include, but are not limited to, development charges, GST/HST, provincial land transfer taxes, municipal land transfer taxes in Toronto, density bonusing fees, parkland dedication fees, permit fees and many, many more.

In saying this, I want to be clear that home builders support the principle of financing infrastructure that is directly tied to the communities they build. But I caution that a better balance needs to be struck between the costs assigned to new neighbours and those assigned to existing homes and businesses. Failing to address this imbalance will have an impact on future affordability of homes and on economic growth.

I'll turn it over to Mike to discuss the politics and planning aspect of our presentation.

**Mr. Mike Collins-Williams:** Thanks, Joe.

Land use planning is really about economic development. That's why there must be better alignment between land use planning and infrastructure planning; specifically, transportation infrastructure. That means that when you invest in infrastructure, it needs to be in the right place, where it will actually attract significant private sector investment and development. Furthermore, infrastructure investments such as transit need to be packaged with implementation tools, including pre-zoning, to create certainty and investment-ready communities.

Our members in the private sector will invest in transit-oriented communities, but we require better planning certainty to bring these communities on stream in a more efficient and affordable manner, to make the transit investment component work, which means taking the politics out of planning.

Last year, in Minister Sousa's original budget speech, on May 1, he even used those exact words: "We will take the politics out of planning." He was referring to transit planning, but we believe the same principle should apply to land use planning, especially in transit corridors.

Through recent consultations on the land use planning and appeals system, we addressed this issue directly through recommendations that really focused on greater municipal leadership and on getting things right at the beginning of the planning process. If we can improve the planning framework by creating more certainty and transparency at the front end of the planning process, that will, in turn, reduce conflicts and tension at the back end of the process, which we believe will result in far fewer appeals to the OMB and, most importantly, towards better outcomes. This means that the province must be more assertive in enforcing the Planning Act where it requires municipalities to update their official plans every five years and that zoning be updated within the next three years.

We need a system where local planning implementation policies actually reflect provincial policy. Many municipalities across Ontario have outdated official plans, and, to be blunt, zoning in many Ontario communities is so archaic, it practically means nothing. Just outside this building here, most of the zoning in downtown Toronto has not been updated since the 1970s, and in many areas of North York it's even worse: since the 1950s. This isn't just a Toronto issue, as the same out-of-date zoning issues are found in the downtowns of London, Ottawa and many intensifying suburban communities. A significant number of planning conflicts, and ultimately appeals to the OMB, occur when applicants conform to provincial policy but have to go through a municipal process based on decades-out-of-date planning documents. This is really about supporting economic development and providing planning certainty for governments, development proponents and existing community ratepayers.

I should note that out-of-date zoning requires that just about every project submit an application, and regardless of whether it's from a developer, a non-profit social housing provider, or a builder of rental housing, all of these applications make their way to council for a political vote. If the public interest is to be served and we are committed to transit-oriented, location-efficient communities with the necessary social infrastructure like shelters, we need to be more focused on getting things right at the beginning of the process and taking the politics out of planning. This will reduce friction between governments, development proponents and community groups, which would also reduce the amount of conflict and appeals to the OMB.

Before turning it back to Joe, I just want to speak briefly about investment-ready communities. A few years ago, in 2005, when the Premier and Minister Cordiano secured the Toyota plant, they required a host municipality with the right labour requirements and the necessary infrastructure to bring their product to market. They found that in Oxford county. The problem was that the community wasn't actually ready to receive that investment due to land use planning obstacles. A rarely used ministerial zoning order was required to put the approvals in place to get that project off the ground.

Obviously, the solution here is ensuring that we have an economic development framework for investment-ready communities, not through rarely used ministerial zoning orders. We require a better planning framework in which the province ensures that municipal zoning bylaws are modernized and conform to provincial policy.

OHBA therefore recommends that the province become much more assertive in enforcing the Planning Act, which currently has a legislative requirement that municipalities update their zoning every five years and that the zoning be updated within the next three years. We also recommend that if the province is going to fund billions in transportation infrastructure, the funding should be contingent on modernized municipal zoning to create investment-ready communities along these transit corridors.

Lastly, I'd like to thank the province for supporting investment-ready communities by amending the building code to support more affordable design options by allowing for six-storey wood-frame construction.

I'll ask Joe to conclude our presentation with a discussion about better aligning land use planning and infrastructure financing.

**Mr. Joe Vaccaro:** OHBA strongly supports infrastructure investments made to support strategic projects to create jobs, enhance productivity and improve our quality of life. We believe in the expansion of core infrastructure, and by that I mean prioritizing roads, bridges, transit, water and waste-water over other types of infrastructure to support a growing economy.

Investments made by the public sector facilitate additional private sector investment and job creation by our members. Recent examples of this across Ontario include high-rise intensification projects occurring in growth centres adjacent to new transit lines being constructed by Metrolinx, as well as in Waterloo region and Ottawa. Our current president, Vince Molinaro, is in fact constructing five condo towers right beside the Burlington GO station in a new transit-oriented complete community. These are great examples of partnerships between the public and private sector that yield community dividends through new jobs, new municipal assessment growth and economic growth.

In the recent election campaign, the governing party committed to $130 billion in infrastructure spending over the next 10 years. OHBA is supportive of the two dedicated transportation funds. We note that a recommendation we brought forward to this very committee a few years ago to dedicate additional cents from the existing gas tax towards transportation improvements has now been adopted by the government. We applaud that decision and look forward to continuing to work with the province in the creation of strong, healthy, complete communities.

OHBA strongly recommends that the infrastructure financing be more closely aligned with land use planning policy. Public policy goals to enhance productivity and support economic growth require an alignment between infrastructure financing and municipal planning policy. We are very concerned that a disconnect between many municipalities and the province has emerged, which has become a barrier to smart and effective public policy implementation to support investment-ready communities.

**1010**

I'd like to thank you for listening to our remarks, and, in closing, I'd like to reiterate our key themes.

First of all, we are concerned that escalating taxes on "new neighbours" are eroding housing affordability.

Secondly, we support better alignment between infrastructure financing and land use planning to create investment-ready communities. This means modernizing municipal zoning to ensure that areas receiving infrastructure investment are pre-zoned for development.

Thirdly, we support continued provincial investment in core infrastructure.

Let me also note that these recommendations do not cost the Ontario treasury any additional dollars. These are things already committed to. It's just a question of moving these things forward.

Mike and I look forward to your questions. Thank you for your time this morning.

**The Chair (Ms. Soo Wong):** Thank you very much. Mr. Fedeli, can you begin the questioning?

**Mr. Victor Fedeli:** Thank you very much, Joe and Michael. Welcome back to the committee. It's nice to see you back again this year.

In your colourful presentation, you talk about how the residential construction industry is the engine that drives Ontario's economy. Being from northern Ontario, of course, we like to say that we provide the fuel for that engine, the minerals and the wood that are required, which was also why I promoted so strongly the six-storey wood building private member's bill throughout 2011-12, 2012-13, and 2013-14. I'm very pleased that the government, through regulation, provided it, and very pleased to see the cover of your brochure with such a beautiful picture of wood.

Your number one issue was taxes. What do you feel the government should be doing in that number one in your summary, the tax issue? How do you propose the government go about resolving that issue for you?

**Mr. Joe Vaccaro:** The provincial government launched a consultation a few years ago around the land use planning and development charge piece here, the Development Charges Act, and our recommendation to the government was greater accountability and transparency on those taxes. Consumers who are purchasing new homes and business owners who are setting up new businesses are getting a final price, but do they fully understand that 25% of that price is a tax of some sort? Do they recognize that those taxes are based on an infrastructure plan, a parks plan, a school plan? Do they fully understand and appreciate that the municipality has a responsibility to account for how that money is spent? Because those investments that they are making reflect back on their quality of life as well.

So, in our view, it's really a question of greater accountability and transparency. We recognize that it's a very difficult engagement that we have to go through as developers—our members, as developers, when they are going through a development charge review, because ultimately the question becomes, "Well, you need to finance these improvements." From a developer perspective, the question really becomes this: Every dollar you add to that charge, fee, levy, parkland rate, whatever it may be, will make its way structurally back into the price of that home. So you, as a municipality, have a responsibility to let that new home owner know: "Our commitment to you, as a result of these charges, is that you will have a school in five years, that those roads will be repaired, that infrastructure will be in place." That's the commitment that the municipality needs to follow up on.

On the other side, into the provincial government's own involvement in this, there are two things we would leave with the provincial government to think about.

We have said for many years that at some point the HST rebate level will have to be reviewed. As homes escalate in cost, that rebate gets reduced in terms of what goes back to that consumer. The federal government made a commitment in 1991 that they would review the GST rate, the threshold rate, on a regular basis. They have yet to do that. So, incrementally, that rebate has gone from providing a rebate to 90% of people to providing a rebate for less than 20%. That's an issue. So we are looking to the province to consider, in that space, to be responsible to that threshold.

The second piece really is the province ensuring that when they make an infrastructure investment like, for example, the Eglinton Crosstown—when you make that investment, your municipal partner has a responsibility to move land use planning forward, because when they don't move that forward, what we're seeing is applications coming for improvements along that line, for density along that line, which makes sense. But because the current zoning sits at 4%, the municipality is then able to negotiate new density bonusing fees on an old zoning border. That disconnect is resulting in large negotiated settlements between development applications and municipalities. That finds its way back into what should be the most affordable kind of housing for Torontonians.

**Mr. Victor Fedeli:** Joe, the province offers municipalities something similar as the feds do. The feds give every municipality a gas tax rebate. The province gives the gas tax rebate to 93 of the 444 municipalities. They only give the rebate to those with transit.

Our party has brought private members' bills year after year to offer the gas tax for municipalities to use for infrastructure in all 444 municipalities. Is that something that you feel would assist in the core infrastructure development in all the communities along the way?

**Mr. Joe Vaccaro:** Our challenge here is that we want the government to prioritize their investment in areas that can leverage further economic development and growth.

**Mr. Victor Fedeli:** Such as giving it to all 444 municipalities?

**Mr. Joe Vaccaro:** If moving in that direction provides economic growth opportunities for municipalities and, by extension, means that the development industry has an opportunity to leverage those investments for future economic growth, then we would certainly be supportive of that. That's—

**The Chair (Ms. Soo Wong):** Okay. Thank you very much for your presentation, Joe and Michael. Thank you for being here. Your written submission is beautiful.

## ONTARIO ENGLISH CATHOLIC TEACHERS ASSOCIATION

**The Chair (Ms. Soo Wong):** The next presentation is from the Ontario English Catholic Teachers Association. Mr. James Ryan, the president, is here.

Mr. Ryan, you have a colleague who is going to be joining you. Thank you for being here. As you heard, you have 10 minutes for a presentation, followed by five minutes of questioning. This round of questions will be from the official third party. Before you begin, can I get both of you gentlemen to identify yourselves and your positions with your association for Hansard purposes?

**Mr. James Ryan:** My name is James Ryan. I'm president of the Ontario English Catholic Teachers Association. I'm joined by Tom Doyle, who is an executive secretariat member of the association.

I'd like to thank the committee for the opportunity to present to you this morning. As I mentioned, I am president of the association. We represent approximately 50,000 women and men who teach in Ontario's publicly funded English Catholic schools.

For over 170 years, English Catholic schools and French Catholic schools have been providing a holistic approach to education in this province that goes beyond just academic excellence and also looks at character, morality and a sense of the common good and social justice. We have excellence in our system—all four systems in Ontario are excellent—and we have high levels of parental satisfaction. Many non-Catholic students attend our English Catholic schools throughout the province, as they do with French Catholic schools.

I'd just like to say that we are one rather large component of what is overall an excellent publicly funded educational system in this province. As we know, thanks to the contributions of all three political parties over the years, Ontario, along with Alberta, ranks among the highest-performing educational systems in the OECD, something that we're certainly all proud of.

We also think that calls to amalgamate are not made up to what they promise. There's no evidence that they would save money. Amalgamations of school boards, as we've found, are not always a good thing. I come from a rather large school board, the Toronto Catholic District School Board, and as much as I love the board, bigger isn't always better, and I know my colleagues at the Toronto District School Board might say that as well. There already exists amongst our school boards a high degree of co-operation and harmonization of services, which I think is in the interests of Ontario's citizens and certainly should continue. The bottom line, in terms of the structure of our system, is that our system works and we should work to continue to improve it.

In terms of the budget itself, I know that a focus is obviously deficit reduction, and I know the government wishes to return to a balanced budget in the next few years, but we think that this has to be a balanced approach. Restoring Ontario's economic stability and prosperity is important, but eliminating the deficit can't be done at all costs. It requires a balanced solution. Slashing public services and laying off public sector workers often leads to greater social inequality and higher long-term costs. I think as we budget we have to respect the role that associations and unions play in democracy and maintain a high level of services and quality of services in this province.

**1020**

I think it's also important to recognize that Ontario is the lowest per capita spender on programs of any province in this country, and obviously that would include the territories, which are significantly above the provinces. Public spending has a greater and direct impact on GDP growth. It is a vital part of our growth in this province.

The other thing I will say is that teachers and other educational workers have borne the brunt of the austerity agenda in the last couple of years. An example of this is the two-year wage freeze that all educational workers have been part of. Teachers and again other educational workers have taken unpaid days as a further salary reduction. Newer teachers, teachers on grid, have also for two years had their increments delayed. This has resulted in about $1.2 billion worth of savings for the province. This, at a time when board administrators, in some cases—directors, for instance—and other CEOs of different areas of government and crown corporations have received salary increases that have actually defied the legislative wage freezes.

In 2013, wage increases for those in the broader public sector were smaller than the average wage increases in the private sector. In essence, what I'm saying is, teachers and educational workers have done their part and their fair share in reducing the deficit.

In the 2015 budget I think it's important that we increase investment to education, including the areas of compensation for teachers and educational workers. I think we have to look beyond spending cuts when the budget is made and also consider the revenue side. That's extremely important.

The tax cuts that have prevailed not just in Ontario but everywhere in Canada over the last couple of decades have led to a real structural revenue problem in this province, in this country and in other provinces. Ontario actually trails other provinces in per capita revenue from taxation. Now, it can be argued a large part of that was the devastation of the manufacturing base of the province that happened in 2008, but there's no doubt that the lowering of corporate tax rates and other things that have been done in this province have hurt the province's ability to raise revenue. I think it's important that we continue to invest in vital public services and infrastructure.

In terms of program-specific recommendations, I think we have to maximize our opportunities for students to succeed. For instance, in the area of student achievement, are we spending too much on the measuring industry, such as the EQAO office, and not enough on direct classroom spending? I think we have to ask ourselves that. I think we have to look at more effective use of educational resources by allocating these dollars directly to classrooms. For instance, one of the negotiated terms of our agreement in 2008 was a 24.5 to 1 ratio in grades 4 to 8, but we know the Toronto Catholic District School Board got permission by regulation to go above that average, which is not fair to students.

We also have to look at ways to improve the full-day kindergarten program, and that includes appropriate class size. Many of you who have been in schools know that some of the full-day kindergarten classes exceed 30 students in a class. I know that kindergarten teachers and early childhood educators find this very difficult to cope with, just for the physical size of the classroom.

I think we have to provide supports for students with diverse needs and for special education and adult education.

Also, it's important that we continue to invest in child care in this province. Child care is part of the Poverty Reduction Strategy of this province. It reduces inequality, which has become an increasing problem not just in Ontario, not just in Canada, but throughout the world. We know that inequality and poverty are things that hold back the economy of not just this province but everywhere. One of the ways to combat poverty and inequality is by having good, solid child care that is available to everyone.

I'd just like to sum up by saying that it's important that high-quality, stable public services are protected and that we continue to reduce the gap between high- and low-income earners.

I'd like to thank you this morning for this opportunity. Myself and Tom would be prepared to take any questions.

**The Chair (Ms. Soo Wong):** Thank you very much. Ms. Fife, do you want to begin the questioning?

**Ms. Catherine Fife:** Thank you very much, James and Tom, for coming in. I think many people might be surprised that—it's a well-researched brief, documented, on everything from mental health to infrastructure funding. I thank you for bringing it, because it does connect. Education connects everything, really. You've made a very strong presentation, I feel.

But you also pointed out that this government spends the least per capita on public services, out of every province in Canada, and they brag about this. There's a disconnect between how they talk about public services and how they fund public services.

One example of that is, of course—I'm sure you must have been surprised to see the 2015-16 funding consultation guide come out from the government, which looks to reduce spending on education by $500 million by 2017.

If that happens—because it's being shopped around the province as we speak. Last year, your submission to the committee stated that Ontario's challenge is to maintain the gains, as you pointed out. How would a cut to public education of half a billion dollars resonate and impact quality education in the province of Ontario?

**Mr. James Ryan:** I think that when you look at a cut of $500 billion—

**Ms. Catherine Fife:** Million.

**Mr. James Ryan:** Sorry, $500 million. Yes, you're right.

**Ms. Catherine Fife:** We wish.

**Mr. James Ryan:** Yes, we'd have a surplus of $400 billion if we did that.

**Ms. Catherine Fife:** That's a First World problem.

**Mr. James Ryan:** Yes. If we look at a cut of $500 million, it can't help but have a significant impact in reducing the effectiveness of Ontario's educational system. Canada ranks in the top 10 educational systems in the world.

If we reduce the quality of education in this province—when you cut by $500 million, you have to affect the student. There's no other way to do it. You're going to be cutting programs, whether they be special-ed programs, the programs that invest in our highest-needs students—it's going to affect those students.

You're going to reduce the quality of education in this province and, ultimately, that means that, down the road, you're reducing the competitiveness and the productivity of the province of Ontario, economically. We depend on our people.

**Ms. Catherine Fife:** The Minister of Education uses really interesting language on this. She says that we can't continue to fund empty seats. We both know that education is based on enrolment, right?

**Mr. James Ryan:** Yes.

**Ms. Catherine Fife:** Here we are: We have a minister who used to be a trustee, just as I used to be a trustee—

**Mr. James Ryan:** From a similar part of the province.

**Ms. Catherine Fife:** From a similar part of the province. Yet she knows just as well as I do that those cuts, or those seats, are in rural and northern communities. There are a lot of Catholic schools, actually, in the north. Do you want to comment on that reality?

**Mr. James Ryan:** Yes. We're especially worried about northern and rural areas. Most of those rural areas are in northern Ontario. If I look, for instance, at a board like Superior North Catholic District School Board, we have communities like Nakina, where we have one elementary school—the students share a common public high school. Often, the French and the English Catholic schools share a common building. But the student population is extremely low. To close buildings like that means the community may not have a school, and if you take the school out of the community, you kill the community.

**1030**

Another community would be White River, Ontario, where the only school is a Catholic elementary school. Everyone goes to the Catholic elementary school. It's the only school in town.

**Ms. Catherine Fife:** Your association has been very strong on the concept of community hubs. This government has been talking about enabling schools as community hubs, because it's a built infrastructure for that community; it should be better used. Yet to date, there isn't a proper or a clear funding mechanism to make that happen. Do you want to talk about that a little bit?

**Mr. James Ryan:** I think that should happen. We all agree. I think everyone around this table would agree with community hubs. Whether it's the Boy Scouts or the Girl Guides—actually, they're not Boy Scouts anymore; they're just Scouts—but whether it be those groups or the community using them for recreational purposes, or the library, we see the value of that.

I've spoken about this in the past. One of the best examples I saw of this was actually in Saskatoon, Saskatchewan, where you had a building with a huge community centre in the middle and you had Bethlehem Catholic High School on one side and you had Tommy Douglas Collegiate on the other side—

**Ms. Catherine Fife:** Yes, I'm a little partial to that name. I like that name—

**The Chair (Ms. Soo Wong):** Mr. Ryan, I'm so sorry—

**Ms. Catherine Fife:** One minute? Is that it?

**The Chair (Ms. Soo Wong):** No, there's no time. I'm so sorry. We have a very tight schedule.

Mr. Ryan and Tom, thank you for coming, and for your written submission as well.

**Mr. James Ryan:** Thank you.

## CENTRAL 1 CREDIT UNION

**The Chair (Ms. Soo Wong):** The next presenter is Central 1 Credit Union. I believe we have three speakers for that group. Good morning. Welcome. Come on up and grab a seat. I'm going to do some housekeeping pieces: You have 10 minutes for your presentation and five minutes of questioning. This round of questioning will be coming from the government side. Please identify yourself as well as your position with your association for the purposes of Hansard. You may begin any time. Thank you.

**Ms. Anna Hardy:** Madam Chair, committee members and staff, hello. I hope you're enjoying your morning so far. It's a great pleasure to be here on behalf of the credit unions in Ontario.

My name is Anna Hardy. I'm the regional director of Central 1, the trade association that represents nearly all of the credit unions in the province. I'm very honoured to be joined by two of our members: Ralph Luimes, who is the CEO of one of our smaller members, Hald-Nor Community Credit Union, which is based in Caledonia; and Rob Paterson, who is CEO of one of our largest members, Alterna Savings, based in Ottawa with a corporate headquarters in Toronto.

Collectively, we're here representing Central 1's 86 member credit unions, their 1.3 million members across the province and especially those members who are served by credit unions in 25 communities where there are no other financial institutions.

**Mr. Rob Paterson:** We're here because credit unions are in a unique position to help grow the economy and create jobs in Ontario. We're strictly focused on growing local prosperity, improving the financial well-being of families, local businesses, farms and not-for-profits, as well as investing talent and resources in our local communities, where every credit union stakeholder lives, works and plays.

For the past 10 years, credit unions across the country have placed first in an independent survey of member satisfaction with financial institutions. Those happy members include owners of Niagara wineries that were financed by credit unions after banks turned them down. Now they have thriving businesses that employ many individuals.

Those members include the more than 700 successful entrepreneurs who have been aided by Alterna's micro-lending program. Alterna knows that a micro-loan can help someone who has entrepreneurial aspirations become economically and socially empowered, even if he or she has fewer traditional qualifications. In fact, a 2009 study of Carleton revealed that 66% of the individuals who started a business with a micro-loan were able to reduce or remove reliance on social assistance programs.

As credit unions, we are owned and governed by our members—by the people who have decided a co-operative business model will generate greater mutual success in everyone's interest. We are a large and growing player in the Ontario economy. At the end of September in 2014, we had outstanding loans of $30 billion: $18.5 billion in mortgages, $8.6 billion in commercial loans, and $1.4 billion in agricultural loans. They were funded by deposits of $29 billion. But we know and desire to do more.

**Mr. Ralph Luimes:** This is an important year for credit unions as the legislation that regulates us is being reviewed. We thank the government for hosting important province-wide consultations recently on the role we play in the provincial economy, and the parliamentary assistant for leading the process, so Ms. Albanese.

Many elements of the system are already done well; for example, the tiered regulation system. We pride ourselves on the diversity in our system, and tiered regulation supports that diversity. We can also state that the prudent-person model that we have embedded in the current act has also served our system well. Our proposals will encourage Ontario money to be reinvested back in Ontario.

Credit unions pay premiums on deposit insurance, and the cost of the premiums, much like your own car or home insurance, is tied to the amount of coverage you have. We pay for our own insurance.

Presently, the insurance premiums in Ontario are based on $100,000 worth of coverage per member, the lowest rate for credit unions in North America. Banks also have $100,000 of coverage, but that is based per account with each subsidiary, meaning that banks can double or triple up that insurance coverage. They operate extra-provincially, meaning money could move around and meaning there's no guarantee that money will stay in the province. We believe that raising the level of deposit insurance to $250,000 per member would encourage more deposits to be kept in Ontario with local institutions and level our competitive playing field.

Most importantly, we think it makes good sense for deposits from municipalities, universities, hospitals and schools, affectionately known as the MUSH sector, to be kept with the local financial institutions. We believe that there is a compelling rationale for a differential, higher rate of deposit insurance for that sector on those funds.

We also wish to applaud you for not raising the provincial tax rate on credit unions, as was done by the federal government in 2013. We strongly encourage you to maintain our present tax rate course.

Because we are capitalized differently than banks, we estimate that if the provincial tax rate was increased, it would result in a decrease of $266 million in loans to households and small businesses in Ontario. That's substantial. These loans are then reinvested back into local economies.

Credit unions really do offer Ontarians and Canadians the best of both worlds: a strong personalized connection to the local community and world-class convenience, competitiveness and stability.

We were started by the challenged communities many, many decades ago, and we feel that's a niche that is very effective. I'll just provide an illustration, much like Rob just did about what Alterna does. In the protest that occurred in 2006 in Caledonia with the First Nations situation there, Hald-Nor increased its effectiveness and participation in the community by 26% because it played, worked and focused on its local community. That's an example that illustrates the importance of credit unions in the local community.

Thank you for your time and consideration. We would be pleased to take your questions.

**The Chair (Ms. Soo Wong):** Thank you very much. In this round of questions, Mr. Baker will begin.

**Mr. Yvan Baker:** Thank you all so much for coming in and thank you for participating in the consultations that you were just referring to with regard to credit unions. I also want to thank you for the work that your members do in serving the community. I've had a chance to be a member of a couple of credit unions that serve my community, the Buduchnist Credit Union and the Ukrainian-Canadian credit union, and I have an appreciation for how their services are important to the local community but also how they give back to the local community.

**1040**

I'd like to ask if you could speak a little bit to how credit unions are unique, for those of us who aren't as familiar. How are credit unions unique in how they serve the community?

**Mr. Ralph Luimes:** I'll just talk about our context and Rob can reflect on his own context.

The most substantial distinction is that the ownership is a co-operative model. Our members aren't considered clients; they are owners of the credit union. That's number one.

Number two: The governance is local.

Number three is that the participation in the community has several dimensions. Decisions are made locally in terms of credit and other advice and assistance and support, but also the level of engagement through leadership, sponsorship and donations is left locally as well.

**Mr. Rob Paterson:** Yes, and adding to it, I think if you take a look at the entire banking model, it's fundamentally different than the large banks. We are not looking for the highest return. We're not looking to maximize shareholder value. We are actually trying to maximize member well-being. Because of that, our advice will be always in the best interests of our members. We'll look at ways to pay down their debt faster, we'll look at ways to remove fees, and we'll look at ways to maximize their savings completely within their interest.

We make decisions on credit that will be character-based; character-based components will be brought in. The boards that we have and the members that we have are all recruited in the communities that we operate in. So we often have very unique insight into those communities that allows us to lend deeper into that community, where traditional Big Five banks would not be willing to lend. When events happen in manufacturing or in other industries, we're able to actually know the stakeholders in those groups on a more personal basis, and thus we can stay with them through thick and thin. We talk about keeping people, our members, in their homes. We're not interested in taking the homes back. We're interested in helping them get to a payment schedule.

So when you look at it, it is our owners' interests that we're fully focused on. Those are the members who walk through our branches every day. It is truly a community-based model, and we predominantly—100% employment is within the community that we operate within, so it is Ontario-based individuals that we're employing.

**Mr. Yvan Baker:** You talked about raising deposit insurance levels. Could you talk about what the benefit of that would be to Ontario's economy?

**Mr. Rob Paterson:** Sure. I think the biggest thing is the confidence, obviously, within the credit union. One of the things that we want to do is grow our deposit base so that we can actually lend more deeply into the community, so the ability for us to grow our deposit base allows us to increase lending and have higher retained earnings through that going forward. That is a big concern we have. We don't have the ability to go to the market to raise other capital the way traditional FIs do, so depositors are traditionally where we are getting it.

As you know, with the market volatility that we're experiencing in the Canadian economy and around the world, a lot of individuals are looking to hold larger deposits than traditionally within institutions. The Big Five have the ability to leverage their mortgage corporation and their other investment corporations to be able to get upwards of between three to six times the multiple of the $100,000 under CDIC. Credit unions don't have that. We're very traditional organizations focused really on basic deposits and basic lending.

So what we're trying to do is basically say, "Look, make it competitive." As the credit unions, we ourselves pay the costs of the higher insurance. Ontarians do not have to pay anything, so it is a cost borne by us. We're really looking to be able to tell our members with confidence that they are going to have their deposit safely with the organization, the same thing the Big Five are doing. When you look at the stability of the Ontario credit union system, you'll see that we've never really dipped into the deposit insurance. It's been safe, like the federal program. We just want to be able to have our members sleeping well at night, knowing they have that security. We're looking for that very simple adjustment to be able to provide a higher level of deposit insurance and give them that peace of mind and allow us to be able to grow and lend more in the community.

**Mr. Yvan Baker:** Thank you very much.

**The Chair (Ms. Soo Wong):** Okay. Thank you very much. Thank you for your presentation, ladies and gentlemen.

## CANADIAN TAXPAYERS FEDERATION

**The Chair (Ms. Soo Wong):** Our next presenter is the Canadian Taxpayers Federation, and I believe Candice Malcolm, the director from Ontario, is here. Welcome. Good morning.

**Ms. Candice Malcolm:** Great. Thank you.

**The Chair (Ms. Soo Wong):** Ms. Malcolm, you have 10 minutes for your presentation, followed by five minutes of questions. This round of questions is from the official opposition party. Before you begin, please identify yourself and your position with your federation for the purposes of Hansard. Thank you.

**Ms. Candice Malcolm:** Great. Okay, sure. My name is Candice Malcolm, and I'm the Ontario director of the Canadian Taxpayers Federation. Good morning. Thank you to the committee, the Chair and the Clerk for inviting me here today.

As I said, my name is Candice Malcolm, and I'm with the Canadian Taxpayers Federation. In addition to my day job, where I'm the voice of over 84,000 CTF supporters, I'm also the author of a book, Generation Screwed, an Amazon bestseller, in the category of economics, that provides a mathematical account of how future generations of Canadians, particularly young people in Ontario, stand to have a lower standard of living thanks to government policies; namely, the structural fault lines in our government institutions and the unaffordable promises made to retiring baby boomers. I encourage you all to read it.

My presentation to the committee this morning will consist of three parts. I will begin with some facts and comments about the current fiscal and economic outlook of the province. I will then tell a story of a government that found itself in a similar budgetary situation in recent Canadian history and discuss how that government managed to change its fiscal fate. Finally, I will conclude by providing my budget recommendations to the committee.

My message this morning, as it has been in past years, is very simple: Ontario's fiscal outlook is grim. It is unpleasant in the short term, it's distressing in the medium term, and it is flat-out objectionable in the long term. No matter which way you look at it, we're in trouble. Without serious reforms to the structure of our government, Ontario will continue on a slow march towards defaulting on our provincial debt.

It is up to you, the elected representatives of Ontario, to govern our province during this tumultuous time. The opportunity is bittersweet. As you're all well aware, after nearly a decade of deficit spending, Ontario's failed stimulus has not generated the growth in the economy that we were promised. Rather, these Keynesian policies have saddled the province with record debt, debt that threatens the province's very core government services. The government's net debt currently hovers at $277.6 billion. Our total outstanding debt is just shy of $300 billion. That boils down to over $22,000 for every man, woman and child in Ontario.

The provincial government hasn't had a balanced budget in eight years. It hasn't made payments towards the principal of its debt since 2001. Ontario has the seventh-largest non-sovereign debt load in the world, in the company of Greece and other nations in the midst of an ongoing Euro-debt crisis that threatens the peace, stability and economic well-being of an entire continent, if not the entire world.

We are in a dubious class of borrowers. Ontario borrows more than any other sub-level government in the world, and we're still heading in the wrong direction. In 2013, spending grew at twice the rate of GDP growth. No wonder Ontario's deficit in 2014 was 25% higher than the government projected, making us even more reliant on borrowing. Now our debt is projected to soar by 7.7% this year. It's getting harder and harder to believe the government's commitment to balancing its books by 2017, a claim that has yet to be substantiated in any meaningful way.

Interest on the debt is the third-largest and fastest-growing expense in the budget. In 2014, taxpayers forked over $11 billion in interest. Our province's bad spending habits have consequences, and those consequences are piling up on the horizon.

In the short term, Ontario faces the threat of a credit downgrade, just like we did after the 2012 budget. With a lower credit score, our existing debt becomes more expensive and our ability to borrow is diminished, meaning that we'll spend even more servicing our debt and have less left over to pay for core services in the province.

In the medium term, Ontario will have to face the reality of eventual rising interest rates, something that is entirely outside the control of this government. Provincial interest payments currently consume nearly 10% of all provincial spending, and this at a time when interest rates remain at historic lows. But the era of artificially low interest rates will not last much longer. Canada's top tax expert, Professor Jack Mintz, estimates that for every percentage point that interest rates rise, Ontario will see an additional $3 billion a year going towards paying for interest on the debt. Where would that $3 billion come from? Cutting programs, meaning less money for health care and education? Perhaps more borrowing, which would lead to further credit downgrades and even more interest and debt payments for future taxpayers. Or would it come from tax hikes, which would do nothing to control spending or prevent the growth of future debt but merely mean Ontario families will have to get by with less?

**1050**

These are scenarios under a 1% increase, but what would happen if interest rates were to rise by 5% or 10%? This is the ticking time bomb in Ontario's finances and should be ever-present in the minds of all members of provincial Parliament, particularly those who sit on this finance committee.

Finally, the long-term consequence of borrowing is that someday someone will have to repay this debt. Today's debt is tomorrow's taxes. The more you borrow and shirk responsibility now, the more you are burdening the next generations with higher taxes. It is fundamentally unfair to make your children and grandchildren and my children and grandchildren pay for today's politicians who never learned to say no.

Ontario is facing financial uncertainty, and, with an unhealthy reliance on debt and borrowing, continues to flirt with a debt crisis. There is no way to sugar-coat the situation. We all know it's bad. It's not, however, unprecedented. In fact, not too long ago, Canadians found ourselves in an eerily similar situation. In November 1993, Jean Chrétien's Liberals were elected to a federal majority government and quickly learned the dreadful state of the federal government's books. Nothing exemplifies this better than an infamous 1994 bond auction selling Canadian debt to international buyers.

The auction only had 30 minutes remaining and we had yet to receive a single bid. Nobody wanted our debt. Governments take debt for granted and they assume that they will always be able to borrow, but this isn't the case. As we've seen with Greece and Argentina, two formerly rich countries, nothing is guaranteed. In that 1994 debt auction, we saw how close Canada came to being added to that list of formerly rich countries. We were half an hour away from not being extended another line of credit to make our mortgage payment. We were 30 minutes away from our own default. Luckily, a buyer eventually stepped up, but the scare served as a wake-up call that was desperately needed. It caused a ripple effect and resulted in important reforms that made our country more stable and much better off in the long run.

Both Standard and Poor's and Moody's had downgraded our federal credit rating, and the Wall Street Journal famously called Canada an honorary member of the Third World in an article it called "Bankrupt Canada." Our dirty laundry was being aired for the world to see.

Chrétien and his finance minister, Paul Martin, realized that no band-aid solution would fix the problem; they needed to address the root causes. So the Chrétien government did the right thing. Thanks in part to pressure from a strong opposition party, they began a comprehensive review of every department and addressed the problem head-on, leading to the largest reduction in spending since the demobilization after World War II. Between 1994 and 1998, federal program spending fell by 12%, making it possible to balance the federal budget by 1997. The government then ran surplus budgets for over a decade and was able to pay $100 billion back on the federal debt. As such, the debt-to-GDP ratio fell during that era by 9.4%.

In essence, the Chrétien government fixed the problem by addressing spending. Between 1992 and 1997, the government kept its annual growth in spending to 0.8%, which was well below GDP growth during those years. They reined in spending in every single government department, with cuts ranging from 5% to 65%. There were no sacred cows. Every department faced a program spending review, much like the reviews recommended to Ontario by economist Don Drummond three years ago.

Chrétien and Martin did not use new revenues to reform our finances. Tax hikes were trivial. The few that were introduced increased revenue as a share of GDP from 44.2% to 44.5%. It was not tax hikes that got us out of hot water; it was spending cuts. In fact, the ratio of spending cuts to tax hikes during this era was 7 to 1: $7 in cuts for every $1 in new revenue.

The Chrétien government left Canada in a much better fiscal situation than the one they were handed. The reasons they embarked on this crucial campaign were circumstantial, based on math and not ideology.

Similarly, the problems Ontario faces—

**The Chair (Ms. Soo Wong):** Ms. Malcolm, can you please wrap up?

**Ms. Candice Malcolm:** Oh, sure.

Similarly, the problems Ontario faces are based on math and not ideology.

In the spirit of the story, the Canadian Taxpayers Federation recommends to this committee that the government follow the path of Jean Chrétien and Paul Martin and do the difficult and perhaps unpopular task of doing the right thing. As with the federal Liberals in the 1990s, the CTF recommends that the government balance its budget through reining in spending. This means a considered look at each department, the implementation of zero-based budget and reining in spending in every area and department.

We recommend that you balance the budget through spending cuts—

**The Chair (Ms. Soo Wong):** I'm going to cut you off, because that will give the official opposition party time to ask you some questions about your recommendations.

**Ms. Candice Malcolm:** Sure.

**The Chair (Ms. Soo Wong):** Mr. Fedeli, can you please begin the questioning?

**Mr. Victor Fedeli:** Thank you very much, Candice, for an insightful presentation, as always.

Candice, we've all heard from Jack Mintz. We've heard from Niels Veldhuis. This committee, last week in Ottawa, heard loudly and clearly from Ian Lee. We've heard from the Conference Board of Canada. We've heard from the Bank of Canada about not reaching our numbers. We've heard from the Ontario Chamber of Commerce. The Auditor General, in December, told us that if we don't drastically change the path that we're on, there will be a change in the service levels. And we've heard from you, loudly and clearly. Why do the people of Ontario not fully appreciate the brink that we're at?

**Ms. Candice Malcolm:** Thank you, Vic, for your question. I was going to get on with the rest of my presentation. I think that part of the reason it's so important that the government address its spending problems and its debt problems—part of the reason the Wynne government was elected was based on a promise to the people not to reduce services and not to increase taxes, and particularly not to increase taxes on the middle class.

I think that people don't have insight into the extent of the problems we face because they're being promised all things by their government. I think it's particularly important that Premier Wynne and this finance committee hold on to that promise not to impose tax increases. As I outlined, tax increases won't solve the problem of structural and operational deficits. I think that we have to do the internal review, going through each department and finding efficiencies and things to cut on that side, so that we don't have a long-term problem where we don't have a choice. We have to allocate more money towards paying interest on the debt and servicing the debt and having less money.

The sooner that we address the problem, the sooner that we rectify the structural imbalance. I think that the long-term stability will pay dividends, and it's important to the people of Ontario.

**Mr. Victor Fedeli:** In the public accounts that came out in the fall, we saw that spending was actually up last year by $4 billion in this province. We know, through the budget, going forward, that spending is forecast to be up $5.7 billion this year. That's $10 billion in brand new spending. That seems to counter exactly what the prevailing philosophy is: that in order to balance a budget, you stop the new spending. What would your comments be on that?

**Ms. Candice Malcolm:** Right. I think it's tremendously important to reduce spending below GDP growth. When you have government spending growing faster than the economy, faster than GDP, it's easy to see how we would need to rely on borrowing.

Premier Kathleen Wynne has also committed that she will tie the growth in spending to 1% below GDP growth, but she says she's going to do so after the budget is balanced in 2017. That doesn't make any sense. How can you get to a balanced budget until you cap spending?

One of CTF's recommendations to the committee, to the government, is also that spending permanently be capped to 1% below growth in GDP, growth in the economy—permanently, not just until the balanced budget, but afterwards, so that you could create a surplus and have extra funds to allocate towards debt repayment, towards chipping off that $300-billion debt.

**Mr. Victor Fedeli:** Even though our revenue was up this past year, just by growth in the economy, by the 150,000 new people who moved into Ontario, and even though we receive $3 billion in equalization payments from the federal government because we became a have-not province—even with those two sets of numbers, and even though we had $600 million more from the federal government this year than we did last year, we still seem to not be able to balance the budget. Do you have any final thoughts or any final warnings for us?

**1100**

**Ms. Candice Malcolm:** Right. A one-time handout, receiving a one-time payment, increasing taxes—it's not going to do anything to address the structural fault lines in spending, as in the example I gave with the Chrétien-Martin government. In the 1990s, they addressed the problem by looking inside their own government, by cutting their spending. Tax increases or increased equalization aren't going to fix the structural problems here in Ontario.

**Mr. Victor Fedeli:** Will you leave us a copy of your paper? Does it also include the warning about the pension tax and the carbon tax?

**Ms. Candice Malcolm:** Yes. Part of my recommendation to this committee is not to implement new taxes, according to Premier Wynne's election promise not to impose tax on the middle class. That would include income taxes, HST increases, carbon taxes, payroll taxes, any new taxes—fat or sugar tax or any other tax on the horizon that might make it more difficult for the daily lives of everyday Ontarians, to make ends meet. Meanwhile, their government is going above and beyond—

**The Chair (Ms. Soo Wong):** Okay, Ms. Malcolm. Thank you for your presentation. We look forward to receiving your written submission. It needs to be in by tomorrow, 5 p.m. Thank you.

## CUPE ONTARIO

**The Chair (Ms. Soo Wong):** The next presenter is CUPE Ontario: Mr. Fred Hahn. Mr. Hahn, welcome. I believe you have some of your colleagues here. As you know, you will be given 10 minutes for your presentation and five minutes for questions. This round of questions will be from Ms. Fife. So, gentlemen, can you please identify yourselves and your position with CUPE Ontario? Thank you.

**Mr. Fred Hahn:** Certainly. Thank you. Good morning, everyone. My name is Fred Hahn and I'm the president of CUPE Ontario. I'm joined this morning by Venai Raniga, who is our researcher and who assisted in writing our brief, which is just getting handed out to you now.

CUPE is the largest union in our province. We represent more than 240,000 people in Ontario who live and work in every community across our whole province. Our members look after Ontarians in hospitals, at home and in long-term care. We provide support and educate the next generation, from the first day of child care through primary and secondary school all the way through university. We keep our lights on, our water and our neighbourhoods clean and safe. We provide emergency medical services when needed, and we make the lives of developmentally challenged adults better and protect children at risk.

CUPE members are working hard every day to make Ontario a better place to live. That work is getting harder and harder each year because of choices made by the government.

Ontarians rightly feel that there is a basic contract with government, that if you work hard you and your family can have a decent life and government will be there in tough times, will help to build public services that we all need to succeed, and that they'll work with us, leaving no one behind. But the truth is that more and more of us are being left behind, not just as individuals but as Ontarians as a whole, and it's because of choices that we've made in budgets like the one that we're here to discuss today.

For five years now, we've come and asked the government to make the choice to roll back corporate tax cuts to 2010 levels, to make the choice to ensure that government has revenue needed to invest in Ontario and to fund public services instead of providing tax cuts to profitable corporations. Over the course of 2010-11 to 2014-15, had corporate tax rates remained at the 2010 levels, government coffers would have had an additional $8 billion at their disposal. Those are lost revenues and have resulted in missed opportunities to invest and build in a stronger province. Instead we've seen austerity budget after austerity budget, with funding for many ministries cut, and seen others have meagre increases that have failed to keep up with inflation and population increases. We've seen our government actually bragging about having the lowest per capita spending and the lowest total government revenue per capita. Being at the bottom of the list of provinces investing in public services shouldn't be a source of pride.

A tide of sobering third party analysis should have encouraged our government to change its course. The magic of austerity driving business confidence and investments has been debunked through numerous sources, including the International Monetary Fund, but the original misguided call for austerity was heeded by our government and has had a tremendous fallout.

For those lucky enough to have a job, wage growth over the past six years has been negative under the Liberal government. Over the course of six years, from 2006 to 2012, the real median income of Ontarians has gone down by 1.7%. Imagine median incomes being lower—in many cases much lower than the average—while prices for everything else continue to rise. A chart on page 3 of our submission illustrates this horrifying truth.

Income inequality is now one of our generation's greatest challenges. As demonstrated by Thomas Piketty, inequality has now reached heights not seen since the age of the robber barons and will be the reason future generations of Ontarians face the real prospect of doing worse than past generations.

While many global institutions, banks and NGOs have now joined the chorus about the wrong-headedness of austerity and share concerns about growing income inequality, the main thrust of this government's financial decisions has continued down the wrong path. As an example, CUPE Ontario has asked the government for years to turn away from public-private partnerships and other forms of costly privatization that do, in fact, cost us more and deliver less. As we know, Ontario's Auditor General calculated that because of privatization and P3 investments, our province overpaid nearly $8 billion to private contractors for projects that have historically been delivered safely, effectively and efficiently through public financing. Corporate tax cuts and mistakes with P3s—just those things alone—have cost Ontarians $16 billion. Had the government chosen a different path, $16 billion could have been used to deliver on desperately needed public services. We could have avoided hospital bed closures, staff cuts and downsizing that are occurring across the province. We could have addressed the needs of tens of thousands of Ontarians on wait-lists for long-term care, home care and developmental service residential programs. We could have prevented the government's plan to permanently cut $500 million from Ontario school board budgets and force school closures across Ontario. We could have addressed skyrocketing tuition fees in post-secondary education. We could have invested in real regulated public child care and prevented children's aid societies from closing their doors on Ontario's most vulnerable families.

There are other choices that need to be made, and many of them are in front us now—in front of you, as the government, for this budget.

First, we'd like to highlight that Ontario's government has picked an arbitrary deadline to balance the budget of 2017-18. As previous Ontario finance minister Greg Sorbara stated, the number one item on our agenda should be the economy, including productivity growth, job creation, new business development and higher real wages. Even the most optimistic of economists don't believe anymore that it is within the government's grasp to meet the 2017-18 deadline without imposing drastic spending cuts. The government should consider delaying its balanced budget timeline at least a couple of years, and then evaluate the next steps based on real economic indicators. The goal of balancing the budget is a good one, but it should not further hurt Ontario families.

Secondly, the government needs to finally make the choice to raise revenue that Ontario badly needs to make critical investments towards a progressive and prosperous future. This means that we all pay our fair share, including corporations, whose taxes should be raised back to the level of 14%, as they were in 2010, given they are paying the lowest corporate taxes since the 1930s. Additional tax fairness measures, like suspending the phase-in of HST input tax credits provided to large businesses, closing other loopholes etc., are further detailed in our brief.

Thirdly, the use of costly and illogical privatization in P3s must stop. This includes the privatization laid out in Ed Clark's report through schemes such as asset recycling, which is really just a novel way of repackaging the discredited and costly ideas of privatization.

In moving forward on positive choices, like the Ontario Retirement Pension Plan, the government needs to decide to build this plan right from the start. That means making it universal, like all of Canada's successful social programs.

CUPE Ontario also believes that any attempt to control climate change through pricing carbon has to be coupled in a multi-pronged approach which includes good policy, strong regulation, and public investments to create systemic change. It must ensure that carbon pricing is fully funded for the public sector, not from existing envelopes where funding increases are already needed, and it cannot target low- and middle-income earners, who are already struggling with falling real incomes. This government has to learn from the BC carbon tax model, where this model seemingly had an impact on the environment but actually reduced provincial revenues, hurting many British Columbians. Ontario has to be sure that carbon pricing is structured so that it is revenue-positive and that revenue collected is used to benefit all Ontarians. Our brief contains many details on the failures of the BC model.

Finally, the government must invest in services. Too many government funding envelopes have plateaued or, worse, have not kept up with inflation and population growth and are seeing cuts. These minimum spending levels are things that must be met for our communities to succeed.

This is to say nothing of the lack of funding to actual increases for Ontarians where there is ever-increasing demand in our communities. There's an appendix to our brief which lists a full list of some of the changes needed. This government must choose to put at the centre of its budget the well-being of the people of Ontario. If it does that, then the direction of the budget must change. We ask the government to make that choice and to honour the commitment that's made to the people of Ontario. Thanks.

**1110**

**The Chair (Ms. Soo Wong):** Thank you very much, Mr. Hahn. Ms. Fife, do you want to begin the questioning?

**Ms. Catherine Fife:** Thank you very much, both of you, for attending and for the brief. It's incredibly well-researched and a good resource for us. I think it's the balance between the Canadian Taxpayers Federation and CUPE coming in here. The messaging is so completely different. And yet the economic case for reducing or ending austerity is very sound and has been proven in other jurisdictions.

But I really want to take this opportunity to expand on the aggressive privatization in the province of Ontario, because even when the Auditor General, an independent officer of this Legislature, highlights the waste, and borrowing money at a 28% premium when we can least afford it—this government does not listen. We've heard, across this province—this committee has been to the north, east, south, west, wherever. All of the themes that you've highlighted in your report we heard about first-hand, especially on health care and mental health.

Can you expand on what your members are hearing? Because the counter-spin that we get is that privatization works, when we know from the numbers—when you follow the money, you follow the real priorities. The money is not getting to the people of this province. I want to hear first-hand from you.

**Mr. Fred Hahn:** There are many first-hand experiences. I was tempted to start my presentation, after hearing the previous one, with, "And now for something completely different."

The lived experience is quite real. In North Bay, for example, a new public hospital, much needed in that community, was built as a P3, a public-private partnership model. Since its opening, it has continued to lay off staff, including an additional 75 layoffs that were just announced—real jobs that impact the economy of that community, but also real services in this building that has had huge cost overruns.

Look, I am happy that the taxes I pay are going to pay for decisions that my parents and my grandparents made and their governments made to invest in infrastructure and programs that actually help all of us. That is the deal we make with each other as citizens intergenerationally. What we're doing now is actually financing things so that it doesn't appear like there's debt on the books, but we're actually misusing public money that could be going to strengthening services instead to pay for additional fees and cost overruns.

When there's $8 billion identified by the Auditor General, it's a significant number and it should ring an alarm bell. It's not just in this jurisdiction. There are similar Auditors General reports in Quebec and in British Columbia. This model is a failed model. It's why, instead of P3s, we now hear about alternative financing. When that becomes criticized, we now hear about asset recycling. These are all the same bad, nonsensical—illogical in terms of economics—methods of financing that we all need in common, and they all need to be thrown out. We need to go back to the sensible way of public financing for the infrastructure that we all require.

**Ms. Catherine Fife:** We agree with you, and it comes down to priorities—I think that also came through in your brief—and choices, because the banks are doing fine, right? Especially when they're financing these public-private partnerships.

I'm glad you also touched on the activist government that was sold to us in this last election. Even the five ministries that were protected, like education: The government is shopping around a $500-million-cuts document. Can you talk about the effect of that? I mean, $500 million is a lot of money in education.

**Mr. Fred Hahn:** Certainly throughout all of the different ways in which our members work in their communities—I was just at Queen's yesterday. In post-secondary education, they have experienced layoffs in every one of those bargaining units. We are seeing the threat of loss of services and layoffs in our schools. And of course, when we're talking about school closures, we're talking about fewer supports in communities.

It's actually quite short-sighted. There are demographic studies that demonstrate that in 10, 15, 20 years, we're actually going to be well over capacity in schools in places like Toronto, that we're actually going to require these spaces to be available to us. There are many innovative things that could be done to deal with these challenges. But instead, again, what we're seeing is a lack of support and increasing waiting lists.

Given the current structure of the budget, there seems to be little choice. That's why we're saying—

**The Chair (Ms. Soo Wong):** Mr. Hahn, thank you very much for your presentation and your written submission on behalf of your members.

## ONTARIO CHAMBER OF COMMERCE

**The Chair (Ms. Soo Wong):** The next group coming before the committee is the Ontario Chamber of Commerce. I believe we have a delegation from the chamber of commerce. Welcome. Good morning.

**Mr. Josh Hjartarson:** Good morning.

**The Chair (Ms. Soo Wong):** As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. Can you please identify yourself and your position and all your colleagues for the purposes of Hansard. You may begin any time.

**Mr. Josh Hjartarson:** Sure. Thank you. My name is Josh Hjartarson. I'm the vice-president of policy and government relations at the Ontario Chamber of Commerce. We represent 60,000 businesses in this province, roughly 17% of GDP, and about two million employed.

It is a credit to our democracy that you are here today to listen to us to hear our views, which are quite different from the views that you've just heard, not surprisingly. Somewhere in the middle lies the truth. And thank you all for taking the time to hear from us.

I have two colleagues today who are really the brains behind the operations. It is an honour to do this, so I thought I would share the honour with my esteemed colleagues. They're going to speak to you today about six priorities for the chamber and its 60,000 members, who represent the bulk of employers in this province.

With me are Scott Boutilier and Andrea Holmes.

**Mr. Scott Boutilier:** If you turn to page 3 in our pre-budget submission document, you'll see our first priority for the government, which is to eliminate its deficit and reduce the debt. We constantly hear from our members and from the broader business community that one of the best things that the government can do to improve Ontario's business climate is to get its own fiscal house in order. To that end, in October the chamber released a report on Ontario's deficit situation, which you'll find in the package as well, that highlights Ontario's fiscal situation as we understand it and some of the negative impacts that we think arise from it, things like a high debt load deterring private investment but also preventing government from investing in those critical, productivity-enhancing investments like education and infrastructure.

In that report and in our pre-budget submission we suggest a range of solutions that we believe that the government can adopt to help it achieve that fiscal sustainability over the long term. Chief among those is establishing baseline information so that the government understands exactly what it's spending on and how its programs and services are performing. With that information, it will be much better armed to identify opportunities to achieve better value for money.

One way that the chamber has really championed over the past few years to do this is through alternative service delivery, or new service delivery models, where with a third party, through leveraging their expertise and know-how, we can achieve real gains in outcomes for the same or lower cost.

On page 4, we have our second priority which we've identified, which is to mitigate the business impacts of the new Ontario Retirement Pension Plan. To this point, we're not really convinced that the ORPP is the best solution for the so-called retirement income challenge or the under-saving problem. Mainly, the chamber and our members have been worried about the potential negative impacts of the ORPP on the business climate. Chief among those concerns is the added cost of business that the ORPP presents, on top of a number of other cost drivers that businesses in the province have been experiencing over the past few years, things like higher electricity prices and a higher minimum wage. All those things add to the cost of doing business and actually potentially negatively impact business competitiveness relative to other provinces and neighbouring states.

The government, to our thinking, has yet to show any real evidence to the contrary, and until it really does so, we're convinced that the ORPP shouldn't go ahead. We really want to see the government come out with an economic impact analysis of how the ORPP will impact Ontario's economy.

**Ms. Andrea Holmes:** I will go through the rest of the key priorities. Number 3 on page 5 is ensuring that Ontario's electricity rates are competitive. Scott already spoke to the cumulative regulatory burden, and the prices of electricity are an added addition to things that have decreased our competitiveness in our business climate.

**1120**

Since the long-term energy plan was released in 2013, industrial electricity rates have risen by 16%, so that's only two years. In the next five years, residential and small business rates will actually rise by 25%. We're at a great disadvantage when it comes to both our American and our other provincial counterparts in this respect, and this is impacting the ability of sectors such as manufacturing and farming and forestry to compete on a level playing field. In fact, a lot of our members are citing it as one of their biggest issues, especially the chambers, and their members are actually being poached or are getting sent letters from workforce development boards in the south who want them to leave Ontario and do business there because it's cheaper.

The province is inhibited by a lot of the decisions that they've made over the last years. Energy market policy is very political. However, steps can be taken. There are things like improving the usage of the smart grid infrastructure we already have to improve forecasting capabilities so we don't over-contract and to decrease maintenance downtime. There's also the removal of the 33% transfer tax on local distribution companies. By removing that tax, you could allow more privatization while also retaining these LDCs in the hands of municipalities, like they are now.

We've actually been consulting over the last six months with businesses and stakeholders around the province, and in two months from now we're going to be doing a ranking of high-, medium- and low-potential proposals for reducing electricity prices. Hopefully, we can get that to you, if you're interested in that, as well.

The next page is number 6. That is leveraging the power of alternative financing and procurement, or AFP. Government uses AFP to leverage the private sector to design, build and maintain major infrastructure projects. While the Auditor General has criticized the use of AFP models, in actuality, 97% of Ontario's AFP projects in the past 10 years have been completed on or under budget, and government has a far-from-perfect record on their own large and complex projects. Instead, what the OCC believes is that government should make full use of AFP as it undertakes the next $130 billion in infrastructure spending over the next 10 years.

I will just finalize with the last two priorities, 5 and 6, so we're on page number 7.

The first is to address rising municipal costs. The last couple of years, municipal budgets have been ballooning. That's due to two main things: faulty labour legislation and processes.

First, we have a broken interest arbitration system that has led to significant pressure on municipalities to raise taxes and to reduce services to compensate. As well, we also have a loophole in the Labour Relations Act that basically restricts municipal tendering and construction contracts and has actually led to higher costs of up to 30% more for municipalities across the province. There is an upcoming review of the Labour Relations Act, and we think this is a great opportunity and a chance for those two problems to be fixed.

As well, number 6 is to basically create the frameworks necessary to accommodate disruptive innovation. As you probably have heard, over the last couple of years there has been a rapid growth of businesses in the sharing economy. These are things such as Uber, the taxi service, or Airbnb, the accommodation service. They are growing and they are creating more employment. In fact, Uber actually employs 10,000 people. So Ontario really needs to create basically the regulatory framework and the climate for those businesses to flourish and innovate, and by doing so, they will be able to capture the economic growth in the coming years that these businesses will bring. In order to do that, they need to create the frameworks, as we've said, necessary to accommodate this innovation while also making sure that they contribute to our economy.

That is the last part of our presentation, and if you have any questions, we would like to hear them.

**The Chair (Ms. Soo Wong):** I believe Mr. Baker will begin this round of questioning.

**Mr. Yvan Baker:** Thank you all very much for coming in, and thank you for your evidence-based presentation as well. I also wanted to thank you for thinking about how we can strengthen our economy for the betterment of all Ontarians. I think you're an important voice on that issue.

Could you talk a little bit about some of the government programs that you think are working well, from your perspective?

**Mr. Josh Hjartarson:** The WSIB is an example where things weren't very good a few years ago and where government has made a concerted effort to make the system more responsive to employers and also to users. The unfunded liability is being addressed and is being reduced. At the same time, premiums, which are still relatively high compared to other provinces and are a source of competitive disadvantage, have been flat. I think that is a positive outcome and I think the government deserves some credit for taking on that huge problem and beginning to address it.

Those are the types of things that I think are important.

On the debt and deficit: Health spending is below GDP. That is positive. That is your biggest expenditure in the budget, and the fact that health spending is now below GDP growth is positive. With the appointment of Minister Deb Matthews, there seems to be a concerted effort to tackle some inefficiencies, and I think that's a positive movement as well.

We're concerned about the aggregate ability to meet the deficit timelines and to ensure that programs remain sustainable and, frankly, there for our children. That's the real concern around the deficit and debt trajectory. We believe in government programs. We believe that they should be there, and to sustain them in perpetuity means that you need to get your debt and deficit under control.

**Mr. Yvan Baker:** Thanks very much. You've raised a number of issues in your presentation. Are there issues that you haven't raised? Are there things that you'd like to see in the upcoming budget that you haven't spoken to?

**Mr. Josh Hjartarson:** I think that we're definitely looking for a renewed focus on what is really the plan to meet your deficit targets, outlining in clear, delineated terms what the decisions are going to be. Many of those decisions are going to be tough decisions, I grant you.

You might think that Fred Hahn and I are very, very far apart in our overall objectives. Actually, it's quite the opposite. We both believe in the preservation of government's capacity to meet the needs of citizens. We have different perspectives on how government can do that.

I think that what we need is a clearly articulated plan about how we're going to meet that deficit and debt challenge, so that our children can enjoy the same level of service and the same level of quality that we enjoy today. I'm currently quite concerned, and I think it's one of the biggest challenges we have vis-à-vis the business climate.

**The Chair (Ms. Soo Wong):** Mr. Baker, I believe that Ms. Vernile has a question for the last two minutes. Ms. Vernile?

**Ms. Daiene Vernile:** Andrea, I want to ask you about the services you mentioned: Uber and Airbnb. There are some communities in Ontario, Canada and North America that are currently having a debate on what to do with these emerging businesses. It's felt that they usurp established businesses. How did your association come to the decision that it's worthwhile supporting them?

**Ms. Andrea Holmes:** We've actually been working alongside Airbnb and Uber. We had them at our event last night launching Emerging Stronger, our economic agenda. From the get-go, they've been saying that they want to work alongside those other businesses. They're not here to usurp or take over those people. It's not a monopoly. They are here to work alongside, and they want to have an amicable relationship. I think a lot of it is a negative perspective from the actual regulatory framework.

**Mr. Josh Hjartarson:** I would agree with that. I think the reality is that the genie is out of the bottle. We have an interest in making sure that there's a level playing field. We have an interest in making sure that the rules are easy to comply with, so that an Uber driver will pay tax. That is the objective here, because this is going to happen, right? Those jurisdictions that have tried to put this genie back in the bottle have failed. So let's be a first mover. Let's really figure out what is best international practice in terms of how we create the capacity to innovate and, at the same time, create a level playing field so that people can apply, pay taxes and contribute to the social net benefit.

Frankly, yes, I imagine a lot of industries are scared. But what we hear back is that it's actually not a fixed pie. It's not a zero-sum game. With Airbnb, occupancy rates are at an all-time high. It's a new source of clientele that can come to Toronto and enjoy the benefits—because they're not going to stay in the $300-a-night downtown hotel. This is an opportunity, and that's the way we need to frame it. We need to frame it as a challenge, but at the same time as an opportunity to create tourism dollars and to generate income for people who have spare capacity, who have bedrooms to rent. This could be a good-news story for Ontario.

**Ms. Daiene Vernile:** In my community of Kitchener Centre, we're having this debate right now about Uber. The established taxi companies are saying, "Provided they follow the rules and regulations that we do, we welcome them." You're hearing much the same thing?

**Mr. Josh Hjartarson:** I think we're hearing the same thing. I think that what you want to do is to make sure that, again, these innovations which are going to happen anyway happen in a way that's a net benefit to society. So we create the opportunities, make it easier for people to pay tax and make it easy for people to comply. The old regulatory frameworks can't accommodate that.

**The Chair (Ms. Soo Wong):** Okay. Thank you very much for your presentation, as well as the written submission.

**Mr. Josh Hjartarson:** Thank you.

**1130**

## FIRSTONTARIO CREDIT UNION

**The Chair (Ms. Soo Wong):** The next group coming before us, I believe, is the FirstOntario Credit Union. I believe there are some handouts being circulated, folks.

We're seeing Mr. Paterson again. Okay. For the purposes of Hansard, we need to identify people. So can you please identify yourselves? Are you Kelly McGiffin?

**Mr. Kelly Harris:** I'm Kelly Harris. Mr. McGiffin sends his regrets. Due to inclement weather, he was unable to make it in this morning.

**The Chair (Ms. Soo Wong):** Okay. Can you please identify yourselves and your positions with FirstOntario Credit Union?

**Mr. Kelly Harris:** Kelly Harris, and I'm working with FirstOntario.

**The Chair (Ms. Soo Wong):** And Mr. Paterson?

**Mr. Rob Paterson:** Rob Paterson, chief executive officer, Alterna Savings.

**The Chair (Ms. Soo Wong):** You may begin any time, gentlemen.

**Mr. Kelly Harris:** Thank you, Ms. Chair, and thank you to the committee members for inviting credit unions and FirstOntario to be here today.

My name is Kelly Harris and I'm appearing on behalf of Kelly McGiffin, president and CEO of FirstOntario Credit Union, who is unable to make it due to inclement weather.

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

FirstOntario has 29 branches in the Niagara, Brant and Hamilton regions, holding $2.5 billion in assets under administration and owned by 100,000 members. It is one of Ontario's 11 largest credit unions, which represent roughly 70% of credit union assets in the province that make up the Alliance of Large Ontario Credit Unions, of which FirstOntario is the chair.

ALOCU was created in 2013 from a challenge to credit unions by the Deposit Insurance Corp. of Ontario to lead system growth. Growth in credit unions equates directly to growth in Ontario's economy. Our goal is to double the deposits of the 11 credit unions that form ALOCU, including FirstOntario, by 2020. "Double" means increasing membership from 10% to the national average of 20% and increasing deposits from 4% to 8%. We have already taken several steps to do this: A five-year multi-million-dollar awareness campaign; co-operative banking to promote credit unions; leadership in the ongoing act review to strengthen and modernize credit union legislation; and working to establish a partnership with the government of Ontario to best utilize its financial services network in government programs.

Public hearings across Ontario on the act review heard the importance of credit unions serving communities, businesses and people often ignored by the banks. Credit unions do not have shareholders; we have members, and they are community members who directly benefit from the local credit union. Credit unions lend in the communities they live and work in from the profits generated in those communities. This creates a multiplier effect so pronounced that a recent study by Credit Union Central of Canada found every dollar that we lend from retained earnings has a multiplier effect of $10.50 of lending. This means that if FirstOntario had $100 million in deposits to lend in the Hamilton, Niagara Falls and Brantford areas, parts of the province that could benefit from such lending, more than $1 billion would be generated to promote business, create jobs and grow the economy.

Deposits fuel our business, so we must ensure we can encourage that fuel. Presently, Ontario has the lowest deposit insurance limits in North America for credit unions, at $100,000 per depositor. Premiums on that deposit are wholly paid for by credit unions and held in a fund administered by DICO. DICO's operating budget comes directly from credit union dues just like a private insurance company would be run. This means no taxpayers' money goes to support credit unions, insure credit unions or even run the Credit Union Deposit Insurance Corp. It is one of the most efficient operations in the government and represents the least risk to taxpayers.

Banks have the same deposit insurance limit, but per subsidiary, so they can double and triple up, not that they need the help. They already hold 96% of Ontario deposits, and no one believes that deposits are not fully secured by banks. A big reason for that is the way the federal government has promoted Canadian federally chartered banks as the strongest in the world. Credit unions are Ontario's financial institutions and, just like Canadian banks and despite financial institutions failing the world over, Ontario credit union deposits were fully secured and well-capitalized during the recent financial crisis. In fact, Ontario credit unions not only survived but we thrived.

Central 1 Credit Union statistics show that the value of residential mortgages held by affiliated credit unions increased by 93% from the first quarter of 2008 to the fourth quarter of 2013. Over the same period, commercial lending increased by 90% and agricultural loans by 56%. That means that in the areas where ALOCU credit unions are serving communities—London, Windsor, Ottawa, Hamilton, the Niagara Peninsula, northern Ontario, Kitchener, areas hardest hit by the economic downturn—credit unions responded.

Despite increased lendings at a time of economic turmoil, DICO reports that year-over-year credit union loans have seen a lower delinquency rate in every sector, leading to lower overall loan costs for our members. Why? We know our members. We know the communities, and we understand the economic realities of those communities, because we are part of them. We have a stake in the economic success of the communities we work and live in.

Credit unions have been there for Ontario governments, lending when others have left, and supporting economies others refuse to, so we ask for your support back. Make a statement in this budget about Ontario's support for its credit union system, a statement that will say, "We believe in our credit unions," a system that supports the growth of the Ontario economy and the communities they serve.

We ask that a simple regulatory change be made in the budget to increase the credit union deposit insurance to $250,000 per member, paid for by the credit unions and administered by DICO at no cost to taxpayers. This increase would put Ontario's credit unions on a more level playing field with banks, and is the North American average.

We ask for this change and for a statement by the Ontario government for its province's financial services system—Credit Unions of Ontario.

Thank you. I would like to take any questions you might have.

**The Chair (Ms. Soo Wong):** Okay. For this round of questions, Mr. Fedeli, do you want to begin the questioning?

**Mr. Victor Fedeli:** Thank you very much, and welcome, Kelly and Robert. We're pleased to have you here this morning.

You talked about the increase of deposit insurance to $250,000 per member. The way it has been worded, it seems easy enough, so why do you think the government hasn't made that change yet?

**Mr. Rob Paterson:** This is one of the questions that we're asking ourselves too. We're trying to look at and understand what could be the possible barriers. We would understand concerns around raising costs to Ontarians, but we know we've dealt with the issue that it will be borne by the credit unions. We really look at it as a very simple ask, something that can easily be provided in this budget and something that will then help stimulate the Ontario economy. We see it as something that's going to create jobs. We see this as something that's going to allow us to lend more deeply into the communities that we're operating in and into some that actually have some deep economic challenges.

We think it is something that is a very simple request, something that allows us to stay competitive and that allows our members to have peace of mind on their deposits. As we grow and have more Ontarians come in to deal with us, we'll able to lend, again, more deeply and more uniquely in the marketplace.

**Mr. Victor Fedeli:** You have reminded us that credit unions are member-owned, so what risk does the taxpayer face if the deposit insurance level is increased?

**Mr. Kelly Harris:** No risk. Absolutely no risk. The Deposit Insurance Corporation of Ontario is completely and fully funded. The fund that insures credit union deposits is funded by premiums paid by credit unions.

There is availability for them to access guarantees, and any money that would be guaranteed would be paid back by the credit unions.

In fact, Rob, who has worked in the insurance sector, can explain it. It works just like an insurance company. The Ontario government wouldn't have risk in a private insurance company. It works very similarly to that.

**Mr. Rob Paterson:** It does, and I think if you look at the history, going through the downturn as well, credit unions have fared exactly like the Big Five banks.

We are secure, we are reliable, and we don't see this as anything that is going to affect taxpayers.

**Mr. Kelly Harris:** If I may, I believe that all three parties do support this. We saw that through petitions that were introduced in the Legislature in the last two sessions of Parliament. I believe at least four members of the committee today introduced petitions in the House in support of credit unions—I'm not going to name names—so I do believe that all three parties do support this.

**Mr. Rob Paterson:** And just to add, we're trying to be very prudent, too, in our ask for the $250,000. Other provinces have unlimited; we're not looking for unlimited. We're looking at $250,000, which we think will make us competitive in the province and which will assist us in raising more capital through our membership. Then again, we will turn that into community-based loans in the local markets that we operate in.

**Mr. Victor Fedeli:** I'll name names. I'm one of those who stood and read a petition—

**The Chair (Ms. Soo Wong):** Confession is good for the soul.

**Mr. Victor Fedeli:** —on behalf of my members of the riding of Nipissing. I proudly stood and signed that petition.

**Mr. Kelly Harris:** From Alterna credit union as well.

**Mr. Victor Fedeli:** Exactly. Is it enough to simply increase deposit insurance to increase your own deposits? Would that do it?

**Mr. Rob Paterson:** Yes, I think it's a significant move. We are also doing other things on our own—the awareness campaign that you heard Kelly talk about, to promote the concepts of credit unions—but I think it gives us a significant opportunity to go out into the marketplace, to build new membership and to keep deposits in Ontario, not to have them go out to other provinces, by allowing Ontarians to know that their deposits will be safe. As you know, with the volatility that we're all experiencing right now in the global markets, we're seeing a lot of people wanting to use traditional deposit products for safety and security for their families and their well-being, so we want to be able to tell them with confidence that that's there.

**1140**

There are other things that we're looking at, and those are part of the act review that's going on. Those are longer-term things that we want to have a dialogue with the province about. But we see the deposit insurance as a day-to-day thing that can be dealt with in this budget at this time, and that will have an immediate impact and effect in Ontario.

**Mr. Victor Fedeli:** So we know what you're doing as an industry. What do you need us and/or the government to do, then?

**Mr. Rob Paterson:** Really support it. Put it through in this budget, and stand up and say, "We believe that Ontario credit unions are strong. They're vibrant. We support them. We trust them. This is a safe place for Ontarians to have their money and to transact." Really continue to gain understanding. We want to have a dialogue, to continue to talk about the economic impact of credit unions and how we're supporting more rural communities and local communities, how we're adding traditional and non-traditional lending into those communities, and how to support that model as we go forward. We really do believe that we're helping to assist the Canadian economy and the Ontario economy and to really drive them through some difficult times.

**Mr. Victor Fedeli:** You talk about this happening in the upcoming budget—this spring, I presume, or early summer. There's an ongoing review of the act right now. Can't you wait for that?

**Mr. Kelly Harris:** Thank you for the question. The ongoing review of the act is to modernize credit union legislation in Ontario. That has to deal with looking at the powers we have and maybe changing some of the work that we do. This is based in our traditional business model, so it makes sense that this could be done outside of the act review and as part of the budget. The act review could take a year or possibly two more years, and in that time we've seen the Federal Reserve lower the interest rate as well. It's going to be harder and harder to compete for deposits and grow the primary business of credit unions. So we believe that now is the time that this must be done.

**Mr. Rob Paterson:** I think we're seeing right now that Ontarians are looking to have their deposits in traditional tools. Right now, in the marketplace, this really is a need for us: the ability to demonstrate that we're strong institutions and their deposits are secure.

The Big Five have the ability to leverage their mortgage corporations and investment houses to triple or quadruple the $100,000 CDIC insurance and the $400,000, $500,000 and $600,000 coverage for Ontarians, and they use that as a way to say, "Look, you can't get that through a credit union. They're not as secure as the Big Five." We're saying, "No, we're absolutely as secure. We have exactly the same track record." So we're looking at a very simple increase that can be done in the budget and done at this time.

**The Vice-Chair (Mr. Peter Z. Milczyn):** Thank you, gentlemen, for your submission. If you have anything additional that you want to submit in writing, please do so to the Clerk by 5 p.m. tomorrow.

**Mr. Kelly Harris:** We've already done that, actually, but thank you very much, Vice-Chair.

## ASSOCIATION OF ONTARIO HEALTH CENTRES

**The Vice-Chair (Mr. Peter Z. Milczyn):** Our next witness is from the Association of Ontario Health Centres.

Please provide us with your name and position for the official record. You have 10 minutes for your presentation, which will be followed by five minutes of questions from the third party.

**Ms. Jacquie Maund:** Good morning. My name is Jacquie Maund. I work for the Association of Ontario Health Centres. We have 113 member health centres across the province, and some of you may have some in your ridings. They include 75 community health centres, 10 aboriginal health access centres, 15 community family health teams and 13 nurse practitioner-led clinics.

What differentiates our members in terms of the primary health care that they provide is that we are most effective at serving vulnerable populations. Community health centres and aboriginal health access centres have a particular mandate to serve people who experience barriers to accessing health care. That could be, for example, people living in poverty, people living in rural and remote communities, people with disabilities, francophones, newcomers, people who don't have insurance, and aboriginal people.

What makes our members stand out from other primary health care models is that, under one roof, we provide both primary care and a range of community supports and services that prevent illness and promote health. So it's a broader range of services that we provide, compared to a single practising doctor or family health team.

We know that the Ontario government is focused on ensuring that health care spending improves quality of care and health outcomes for people. We know that there has been a particular focus, over the past couple of years, on high users of the health care system.

We believe that our members in the Association of Ontario Health Centres are well positioned to play an expanded role to support people who have more complex social and medical needs because we can provide both primary care and the community supports to help keep them out of the more expensive hospital and acute care system. But to do this most effectively, our members require base funding increases to address their increased operating costs and also to address staff retention and recruitment challenges. We also need government to play its part addressing the social determinants of health, such as poverty.

I'll go into more detail now in terms of our recommendations for the budget. We're seeking a 2% increase in base funding for our members and an ongoing increase that reflects the cost of living. The rationale behind that is that all of our members are experiencing increased operating costs, including utilities, information management and staffing. Most members have not received an increase in base funding for at least three years, yet our members are experiencing an increased demand for their services and they're being asked to do more by the LHINs to keep people out of the costly hospital system. Because of operational shortfalls, some community health centres are being forced to cut back on services and to lay off staff in order to cover their costs.

More specifically, for our 10 aboriginal health access centres, they have not been funded at parity with the community health centres despite the fact that they serve similar numbers of people. This is for historical reasons which I won't go into. Our aboriginal health access centres are requesting an $8-million increase to the 10 of them, to their base budgets, and a $2-million increase to address their data support and information management challenges. Again, we're requesting increases to cover the increased costs that our members are experiencing in terms of operating costs, and we're asking for that to be indexed going forward.

We're also seeking financial support to address the staff recruitment and retention challenges that are faced by many community primary care organizations by funding a four-year strategy that would bring all health care professionals and interprofessional primary health care organizations up to a recommended salary range for 2012. Our members are struggling to retain and recruit qualified health care professionals, such as nurse practitioners and dietitians. Right now, one in every five nurse practitioner positions in community health centres is vacant. This means that over 250,000 people in the province are not getting the primary care to which they're entitled.

This problem stems from government-established salary rates for interprofessional primary care, which are up to 35% below market value. This means that we're losing key parts of our health care staff who leave to work for higher-paid jobs in community care access centres and hospitals. For example, a nurse practitioner can get a job that pays $25,000 more in a hospital, and that's part of the reason why we're losing this key part of our staff.

Our Association of Ontario Health Centres, along with the Association of Family Health Teams and the Nurse Practitioners' Association of Ontario, are seeking a 5% annual increase in funding flowed to community primary-based care organizations for four years. We've sketched out a four-year strategy to address this problem, with a total cost of $122 million over four years. We believe this is a modest, phased-in affordable solution to the human resource crisis that we're currently experiencing in primary care.

I want to talk now about poverty reduction. In the last throne speech, the Premier committed to building a fairer and healthier Ontario. We certainly support that commitment, but our members can only go so far in providing services for people to be healthy and well. We need the Ontario government to play its role to address the broader social and economic determinants of health, such as poverty.

The Association of Ontario Health Centres is a member of the 25 in 5 Network for Poverty Reduction, and we echo their five key budget asks for the Ontario government.

**1150**

First of all, ensure that people can live with financial security and dignity—I think that is something that we can all agree on—people who are particularly suffering and dealing with the challenges of low income and those on social assistance. So we're calling for an increase in social assistance rates for all recipients, with an increase of $100 per month for single people on Ontario Works. We're also calling for an increase to the Ontario Child Benefit by $100 per child per year, with indexation of all future increases.

We believe that all people in Ontario deserve to be healthy, yet too many people we see in our centres do not have access to the extended health benefits that they need. We're calling on this government to move faster on the promise it made in the last budget and commit to extend public dental programs to low-income people within the current mandate.

We're also asking for the province to take leadership toward a universal pharma care plan that ensures access to affordable prescription drugs for all of us.

We're calling for the government to invest in community infrastructure, specifically around homelessness; outline a timeline and a budgeted plan this year to end homelessness in Ontario; and include expanded investments in supportive housing that are so crucial to support people with mental health and additions challenges.

We're also asking for details on the promised $50-million investment over four years for the Local Poverty Reduction Fund.

We're calling for the government to implement a good jobs strategy. As part of that, we're seeking an increase to the minimum wage to $15 per hour, which would mean that an individual person would have an income that was 10% above the poverty line.

We know that all of these investments cost money and require public revenue, so we're calling on the government to review revenue-raising options from organizations such as the Canadian Centre for Policy Alternatives—the Ontario office—and the C.D. Howe Institute. We want the government to commit to a plan to build sufficient public revenues to invest effectively in poverty reduction, community health and well-being. Thank you.

**The Vice-Chair (Mr. Peter Z. Milczyn):** Thank you. Ms. Fife has five minutes to ask you questions.

**Ms. Catherine Fife:** Thank you very much, Jacquie. I have a lot of questions, but I only have five minutes, so I'm going to try to get to some of the core ones. The aboriginal health access centres—we heard in Fort Frances and Sudbury that those centres are in the untenable position of having to take patient care funding to address IT and information management. Can you speak to that a little bit, please?

**Ms. Jacquie Maund:** Sure. The association of community health centres is implementing Canada's largest electronic medical records program, so the community health centres have funding to implement that program. It's going extremely well. The aboriginal health access centres—because they were part of a different funding stream, they are not funded by the LHINs—are implementing this system but have not got the additional resources in terms of staffing support to make best use of that EMR project. So they are looking for $2 million to enable them to fully use all of the capabilities of that EMR system and to support it so that we can make best efforts to track and report on health outcomes and what we are achieving from public funding.

**Ms. Catherine Fife:** Okay. Thank you. The ask around public dental benefits—this has been a huge issue, and it has been a consistent issue that we have heard across the province. The government is going through a modernization model of some sort trying to consolidate where that funding is going and how it's affecting those adults who require dental care. Can you speak to that at all, the impact of that modernization, or have you seen that in your centres?

**Ms. Jacquie Maund:** My understanding is that right now the province is integrating the programs that we have for low-income children into one, and that the details of that have not been fully released yet. It becomes operational in August.

Our interest is certainly in ensuring that the services that are currently available for low-income kids, which include emergency care, which does not require a specific income ineligibility requirement—but if I'm a parent and my kid has cracked their tooth, and I go in and say, "I can't afford to go to the dentist. Can you please help my child in pain?" they would now be eligible under the CINOT program, so we want to ensure that that flexibility around emergency care remains in the new integrated Healthy Smiles Ontario program.

There are no other programs for adults unless you are on social assistance. If you're on Ontario Works, that basically means getting your tooth pulled out. We've tracked the number of emergency room visits. There are over 59,000 visits per year to hospital emergency rooms because of dental emergencies and 218,000 visits per year to doctors for emergency dental visits. But hospitals and doctors can only give painkillers, no treatment. So we are already spending at least $37 million, we've estimated, per year through our health care system for absolutely no treatment for people with dental problems. This is an urgent issue. We're seeking that the government move faster on its promise to extend public dental programs to all low-income people, including seniors, which all of us will be at some point, and there are no public dental programs to cover you then.

**Ms. Catherine Fife:** Thank you for being so clear on that. There is, I think, a solid financial case for the prevention piece on dental care, because the downstream costs are growing.

The last question, really—and this is a bigger conversation, but there is this growing tension between hospitals and community-based care. The hospitals, who have seen four years of flatlined funding, which is essentially a cut, are seeing an increase in emergency department, mental health, a whole inventory of medical issues, because they don't have access to community-based medical care, which is what you're sort of fighting for, especially around the nurse practitioners. There has been a reluctance to address it, but it's right there in front of us.

Can you talk about the financial investment that you need for your centres and how that would impact the hospital reality in the province of Ontario?

**Ms. Jacquie Maund:** I think there's lots of evidence that the more you invest in preventative care, in health promotion and in keeping people well and healthy, the more effective you are in keeping them out of the more costly hospital system. A recent study by the Institute for Clinical Evaluative Sciences compared primary care models and showed that community health centres were doing a better job than others in terms of keeping our clients out of the hospital system.

What we're saying is that we want to continue that work. We want to do more work; we want to serve more people. But without an increase to our base operating funding, we're not able to keep up with the increasing cost of living, with the basic increase to operating costs.

It's a pretty basic request. The cost of a 2% increase for our community health centres would be $5.6 million per year, and then indexed to inflation going forward. I would just say that there is evidence that shows the good job that we are doing, but without base funding increases, we are going to have to lay off people and cut services, which will lead to an increased burden on hospitals.

**Ms. Catherine Fife:** There's definitely a connection—

**The Vice-Chair (Mr. Peter Z. Milczyn):** Thank you very much for your presentation.

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

**The Vice-Chair (Mr. Peter Z. Milczyn):** The committee stands recessed until 1 p.m.

*The committee recessed from 1158 to 1300.*

## ONTARIO BIOSCIENCE INNOVATION ORGANIZATION

**The Chair (Ms. Soo Wong):** All right. I'm going to resume the committee. I believe the first group coming before the committee is the Ontario Bioscience Industry Organization. Ms. Gail Garland, welcome. Good afternoon.

**Ms. Gail Garland:** Thank you.

**The Chair (Ms. Soo Wong):** As you know, you will have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side. Please identify yourself and your position with your organization for the purpose of the Hansard. Welcome.

**Ms. Gail Garland:** Good afternoon. I am Gail Garland, president and CEO of the Ontario Bioscience Innovation Organization. OBIO is a not-for-profit membership-based organization engaged in developing a health innovation economy for Ontario that will provide leading health technology products and services to our health care providers and the international marketplace. OBIO works through advocacy, high-quality programming and strategic leaderships and via collaborative partnerships with industry, patients, government and academia. My remarks today deal with encouraging growth in Ontario's human health technology and bioscience sector.

The World Health Organization estimates that $6.5 trillion is spent on health care worldwide, a figure that represents significant economic potential for jurisdictions with sustainable, successful health care industries capable of solution-driven R&D and product commercialization.

The global bioscience industry is also a key pillar of the knowledge-based economy.

Ontario's industry has the potential to be the window through which the province derives a return on its investment in education and academic research; a source of quality jobs at every level; and the bridge between economic development and health care solutions. It is also a source of massive untapped potential, with a documented history of poor commercialization and early-stage companies that struggle to grow.

OBIO is presenting today to encourage all members of government to commit to Ontario's health care industry, understand its value and to invest in specific programs and incentives for growth and competitive success—programs and incentives that attract investment, fuel revenue and knowledge economy job growth within the private sector and address the growing cost of health care.

The industry recognizes the fiscal challenges that face the government in 2015. Our priorities align with the government's and we are committed to being part of the solution. Today's recommendations come from consultations with OBIO's membership of over 200 local companies, multinational interests and the broader ecosystem. They reflect industry's desire to create more knowledge-based jobs in Ontario companies and develop important, cost-effective health solutions. This cannot be done without policies and support for programs with these specific goals in mind.

This afternoon, I would like to present three recommendations to you, addressing access to capital, capital formation, and incentives for investment in industry growth.

First, access to the right capital for growth: This is industry's number one priority and biggest challenge. We recommend sustainable three-year funding for OBIO's CAAP program to address this need.

The OBIO capital access advisory program, CAAP for short, is a distinctive program designed to address the financing challenges commonly faced by Ontario's innovative bioscience companies when moving from seed to larger-stage financing rounds. CAAP is building an Ontario resource that will be recognized by the global investment industry for its quality and deal flow potential. This will contribute to attracting investors and their funds to support the growth of Ontario's bioscience industry.

The OBIO CAAP program identifies high-potential Ontario bioscience companies, accelerates their corporate development and, thus, their ability to raise capital, create jobs, commercialize and export technologies. The OBIO capital access advisory program continues to gain momentum, and it is important that OBIO has the means to deliver this program in a timely and efficient manner. Funding from the province of Ontario will help to ensure that OBIO CAAP continues to help Ontario bioscience companies grow into the life science companies that they have the potential to be to contribute to Ontario's economy.

OBIO is asking the province for $1 million of funding in 2015, $1.1 million of funding in 2016 and $1.1 million of funding in 2017 in support of CAAP activities and expanded offerings, including province-wide access by Ontario companies and pre- and post-CAAP services to companies. OBIO gratefully acknowledges the funding contribution MRI has made to CAAP operations over the last two years.

Based on the success that we have seen this far, including positive feedback provided by the steering committee, advisers and companies, we look forward to building OBIO CAAP and urge the government of Ontario to continue to support this unique and vitally important program supporting Ontario's high-potential bioscience companies.

Our second recommendation relates to the creation of a human health innovation capital fund to ensure Ontario's technologies and companies have the resources they need to develop, commercialize and compete globally, bringing revenues and health solutions to the province.

Ontario has a trend of companies stalling, or relocating in order to grow. This trend could be reversed with a well-designed, specific capital fund to support the development of health care companies and technologies in the province. Such a fund could build on Ontario's investment in regenerative medicine, oncology and neuroscience research by investing in local companies to move our technologies forward.

The absence of a fund committed to Ontario's health science sector continues to make it difficult to attract talent, build companies or derive returns. With adequate, sustainable funding beyond the seed stage, successful, innovation-based companies can focus on product development, commercialization into domestic and foreign markets, and job growth.

The existence of an Ontario health science innovation capital fund will attract foreign capital into the fund and into companies that the fund invests in. The outcome will be positive change to the capital environment in Ontario, industry growth, and a return on Ontario's investment in research.

The third group of recommendations relates to incentives for investment and industry growth. According to Ernst and Young's worldwide R&D incentives guide for 2014-15, "The pace at which countries are reforming their R&D incentives regimes is unprecedented. For some, this means introducing completely new incentives; for others, it means making incentives more generous in a bid to foster growth."

Ontario's industrial R&D spending declined 4% from 2011 to 2012. We are not keeping up, and there is a need for R&D incentive reform. Additionally, Ontario's tax program to incentivize R&D within companies is amongst the lowest in the country. Ontario could play a leadership role in Canada and join world innovators in reforming R&D incentive regimes, gaining a strong health science industry, but it won't happen without policies and effective programming.

OBIO recommends that Ontario consider the following incentives for industry investment and growth:

First, a capital gains tax credit on investment returns for individual investors in private companies: A capital gains tax credit supports and encourages business investors to provide the critical factors necessary to support Ontario's businesses and the economy, such that the tax benefit is realized only if the investment yields a realized return, encouraging investment only in those companies that investors think will succeed and will yield a capital gain, thus encouraging careful selection and management support and contribution.

Taking into consideration that only a small portion of the government's revenue is raised through capital gains taxes, eliminating this tax on investments in private bioscience companies just makes practical sense.

Next, OBIO proposes recommendations for R&D incentive reform, first looking at CCPC requirements.

Economists have argued that SR&ED requirements, such as CCPC, incentivize companies to stay small for tax reasons and do not incentivize job creation in Ontario.

OBIO recommends that the province consider a change to Ontario's current tax credit requirements that derive from SR&ED and focus on Canadian ownership—that is, to move away from the CCPC requirement to a model that rewards where the R&D work is done and where the jobs are created, similar to the approach used in Australia. An entity that is located in Ontario and does research in Ontario would be eligible regardless of its ownership—

**The Chair (Ms. Soo Wong):** Ms. Garland, can you wrap up your presentation so the government side can ask you some questions?

**1310**

**Ms. Gail Garland:** Absolutely. In conclusion, it can be seen that Ontario has done a successful job of building an academic health science powerhouse in the province and has devoted significant resources to updating and improving patient care. We have invested in research and education, and in seeding start-up companies.

It is time to apply the same principles to building the third component of our health science industry. This requires critical changes to programs and policies in order to promote and incentivize investment, job creation and company growth. In this way we can begin to see our health care sector as not just a cost centre but as a source of wealth for the province and innovative, high-quality and cost-effective care.

Thank you for the opportunity to speak with you this afternoon.

**The Chair (Ms. Soo Wong):** Thank you very much for this presentation. Ms. Vernile, I'm going to get you to start the questioning.

**Ms. Daiene Vernile:** Good afternoon, Gail. It's very nice to see you here today speaking to our committee. As the parliamentary assistant to the Minister for Research and Innovation, Reza Moridi, you and I have had the opportunity to meet on a number of occasions to talk about bioscience and how you want to see this very dynamic industry growing and providing jobs.

You talked about getting $250,000 from our government last year and the same amount the year before. My question to you—and for the purposes of taxpayers: What do you have to show for that money?

**Ms. Gail Garland:** To date, OBIO's CAAP program has admitted 13 high-potential Ontario companies. All companies are on track. The goal of the program is to help these companies raise a series A. All 13 companies are on track to do so by the end of this program year. Ones that have already raised capital have raised over $11 million.

Interestingly, on average, they've also hired 4.5 people per company, so even while they're in the program we're already seeing strong benefits from the program.

**Ms. Daiene Vernile:** You've also talked about access to capital, and I will tell you that in my riding of Kitchener Centre I've talked to many owners of high-tech start-ups. We have had an explosion of these companies in just five years—1,700 new tech start-ups. They say it's easy to get your hands on, say, $10,000 to $20,000 when you want to start one of these companies. Where it becomes challenging is when they want to scale up and hire more people and do more R&D and exports, so when they're asking for or looking for, say, $250,000 to $500,000, this is where they run into trouble.

I want you to talk, if you will, about Northleaf Capital Partners. This is a private sector manager that you have been directed to. Do you think that this is a good fit, a good match in trying to find this money?

**Ms. Gail Garland:** I am not certain how much investment Northleaf has actually done in this sector, and that's one of the challenges that our bioscience sector has. This is a high-reward but also a high-risk industry, and the timelines to develop these technologies are long. It requires patient capital and a knowledgeable investor who understands what a home run can look like for them.

**Ms. Daiene Vernile:** You've also touched on capital gains. How would this provide a return on investment?

**Ms. Gail Garland:** The capital gains tax credit incentive that I have presented this afternoon is structured so that it incentivizes an investor to invest and hold. It incentivizes them to invest, and hopefully engage, with a company that they've invested in, and they realize their capital gain only when the company is successful.

What we have recommended as an incentive to investors is to eliminate the capital gains portion when they do exit that investment, so that they realize a little extra capital as incentive, as a reward for having stayed in that company and contributed to their success.

**Ms. Daiene Vernile:** Thank you very much. It's an exciting industry.

**Ms. Gail Garland:** It is. Thank you.

**The Chair (Ms. Soo Wong):** Thank you, Ms. Garland, for your presentation and your written submission.

## ONTARIO CONVENIENCE STORES ASSOCIATION

**The Chair (Ms. Soo Wong):** The next group coming before us is the Ontario Convenience Stores Association: Mr. Dave Bryans, the chief executive officer. Welcome.

Good afternoon. The Clerk is submitting your written submission, so thank you.

Mr. Bryans, you may start any time. Please identify yourself for the purpose of Hansard. You have 10 minutes for a presentation, followed by five minutes of questioning. In this round, the questions will be from the official opposition party. Thank you.

**Mr. Dave Bryans:** Great. Thank you. My name is Dave Bryans. I'm the CEO of the Ontario Convenience Stores Association. I want to thank the committee members for the opportunity to present to you today. This isn't the first time I've appeared in front of this committee on behalf of the convenience store sector, and I'm pleased to see many familiar faces here today as well.

Ontario's c-store members are a vital part of every community in Ontario. We operate in all neighbourhoods and in all regions in the province. They have developed a close relationship with their communities. They are relied upon by families not only to supply convenient access to daily necessities, but sometimes we're also a safe refuge in times of emergency in every community.

While we are a significant contributor to the provincial economy, owning and operating a small business in today's economic climate is not easy. Because of overregulation and changing customer demands, the ability to support and maintain a modest lifestyle from these businesses has been shrinking. That said, our businesses are resilient. Our stores are adopting new product categories, including healthy food products and prepared foods, in many of our sites.

Our association has been pleased to work with the Ontario government and have a seat at the table for discussions around the Healthy Kids Panel and menu labelling. Our businesses and consumers have benefited from these changes. However, there's still a ways that the Ontario government could go to better enable our small businesses to not only meet changing customer demands, but allow our stores to thrive in an increasingly competitive retail space. The good news is that helping convenience stores is a win-win. It will increase government revenues while acting in the public good and helping small businesses.

The two areas I'd like to focus on are modernizing Ontario's beverage alcohol retail system and enforcing more effective policies on contraband tobacco.

Beer and wine, retailed in a responsible way, with the appropriate amount of government oversight: Ontario c-stores can thrive once again with the ability to retail beverage alcohols. Here are some facts backed up by independent studies:

C-stores already do it successfully in many societies around the world, from BC, Quebec, Alberta and Newfoundland to the US and throughout Europe.

Two thirds of Ontarians want more convenient access to beverage alcohol products.

In Ontario, c-stores have been ranked the best at age-checking ID and restricting youth access to age-restricted products like tobacco and lottery.

The government stands to generate more revenue by allowing c-stores to use the LCBO as its wholesaler and by providing more access points for LCBO products. I'll touch a little bit more on this in the presentation.

In August 2014, the OCSA made a submission to the government panel on asset review, chaired by Ed Clark. We have made available copies of that submission to Mr. Clark. It's on the table here. We followed this up with an in-person consultation with Ed Clark and his colleagues in November. In both opportunities, we made a case for a gradual and measured approach to modernization.

Essentially, our proposal calls for the expansion of the existing and successful LCBO agency store model. For those that don't know, there are just over 200 LCBO agency stores currently in the province. These are c-stores in rural and northern communities that have the LCBO banner affixed to their signage, and they retail LCBO products. The c-store operators are responsible for all costs associated with retailing the products, including labour and capital costs. Stores have to compete for the LCBO agency licence and are subject to a comprehensive audit performed by LCBO officials as part of the RFP evaluation.

To date, this model has served to increase the LCBO's reach, has allowed the Ontario public to access LCBO products without travelling great distances, and has not triggered any significant social or financial ailments in these communities.

By piloting an expansion of this successful program in an urban or suburban community, perhaps in a region that lies adjacent to Quebec or even the US border, government will be able to build on the success of this program while stimulating local economies and increasing LCBO revenues.

The financial benefits for an expanded LCBO agency store program are compelling. These include but are not limited to the following:

—increased licence fees from LCBO agency stores;

—wholesale markups on each product sold;

—increased overall sales volumes, creating higher aggregate profits;

—increased sales at government-run LCBO stores, as proven in the British Columbia example; and

—more private sector jobs and private sector investment. As an example, Mac's Convenience Stores has stood up and said, "We will invest $50 million to build 15 new stores if the market should open, and employ 1,500 more employees as an investment." That's just one chain in Ontario.

**1320**

We think that our proposal makes sense and represents a reasonable and easily implementable way to modernize Ontario's retail system.

Turning to contraband tobacco, our industry was encouraged by the government's inclusion of the issue of contraband tobacco in their most recent budget and fall economic update. The government has acknowledged the numerous studies and media reports that confirm that the problem of contraband tobacco continues to rise in Ontario. As committee members, you may know that our most recent contraband tobacco study found rates as high as 48% contraband usage in the province. In total, roughly 25% or a quarter of all cigarette butts examined in this study were untaxed cigarettes.

Addressing contraband tobacco could save the province over $1 billion, according to both Don Drummond and the Canadian Taxpayers Federation. Ontario's Auditor General has stated that failure to address this problem is costing this government over half a billion dollars a year. Incidentally, $500 million is almost the exact sum that the government is going to be short on their deficit target this fiscal year, as reported in the recent economic update in November 2014.

It should be noted that the answer to solving Ontario's deficit cannot come at the price of another increase on tobacco taxes. This only increases the appeal of the illegal market and sends tobacco users to cheaper alternatives. In a survey just conducted by the OCSA of tobacco users, 70% said they would find another, cheaper source for their tobacco product if the price of tobacco were to increase.

It is our belief that increased taxes and regulation do little to prevent youth access to tobacco, because of the availability of these products on the illegal market, and unintentionally contribute to the underground economy.

An example of this type of well-intentioned but flawed legislation would be the government's recent introduction of Bill 45, the Making Healthier Choices Act, 2014. Our industry is concerned that the provisions within the bill will only serve to bolster an already growing market for illegal tobacco. For instance, the bill proposes to ban menthol cigarettes and flavoured tobacco. While law-abiding retailers will no longer be able to sell these products, they already are and will continue to be accessible through illegal channels at a fraction of the cost. In fact, there are over 30 brands of menthol cigarettes already available on the black market—far more than any of our licensed retailers even carry.

Some committee members may wonder exactly how likely it is that those who consume tobacco products will actually consider procuring tobacco on the illegal market. Well, the answer to this question is quite surprising. A public opinion survey conducted by our association just two weeks ago found that half of flavoured-tobacco users would look for their products elsewhere. The number is larger when looking at all smokers; over 60% said they would consider purchasing untaxed tobacco on aboriginal reserves. Very few, just 20%, said they would consider quitting smoking altogether, which is further proof that banning flavoured tobacco will have a limited impact on smoking cessation.

We share the concerns of government in terms of youth access. We are the most reliable gatekeepers between youth and age-restricted products, and believe that no youth should have access to any cigarettes, but our retailers believe that Bill 45 unintentionally bolsters the illegal market. Please keep in mind that the black market:

—does not check for age before selling tobacco, thus putting youth at increased risk;

—is not subject to display bans, point-of-sale advertising restrictions and special packaging requirements, all designed to help the smoker transition from tobacco;

—supports broader organized crime activity;

—undermines Ontario's GDP growth; and

—hurts small business retailers throughout the province.

As part of our pre-budget submission, the OCSA has shared the industry's specific recommendations on how the Smoke-Free Ontario Act can be amended to both make selling tobacco to a minor illegal and to make possession of tobacco products by a minor illegal. This is an initiative that has been heavily supported by the Ontario public, as 80% of Ontarians agree with a new law to make possession, purchasing and consumption of tobacco illegal for minors. Even seven in 10 smokers agree with this proposal, which would achieve our shared goal of curbing youth smoking and access.

I would be happy to share more details with any of you during question period or separately at a separate meeting. While we are optimistic that the government wants to act on contraband tobacco, we urge them to do so in the near future and to take a more strategic approach than is being shown today.

In conclusion, Ontario convenience stores are at a crossroads. A number of c-stores are continuing to close, and it's a huge concern, especially in rural Ontario. This is a shame. Convenience stores are community builders. They're in every neighbourhood across this great province. They interact with over three million people a day here in Ontario. C-store owners are hard-working families. They are contributors not only to local economies, but to community safety. Without a new destination category, like beer and wine, and without meaningful government intervention on contraband tobacco, small businesses will continue to struggle.

I am proud of the work that we've done with this government over the past several years. We look forward to working together on these and other issues to continue to make this province a great place to live and work in. Thank you for your time, and I'm happy to answer your questions.

**The Chair (Ms. Soo Wong):** Mr. Fedeli, do you want to begin the questioning?

**Mr. Victor Fedeli:** Thank you very much. Welcome, Dave. It's always enjoyable to listen to you. Full disclosure: My dad opened his first convenience store in 1956. I was five years old when I had to stand on a stool. My sister was five years old when she had to stand on a stool. We learned how to punch cash registers for the next 10 years at mom and dad's convenience stores.

The LCBO agency store model: I want to talk very briefly about that, and I know my colleague Ted Arnott is going to talk a little bit more extensively about that. Everywhere we've gone on this tour, I continue to remind the committee and put on the record that there are 218 of these in Ontario; I know a lot of the urban colleagues may not be aware of that. When I leave my home in North Bay and drive to Eldee, Ontario, there's a gas station in Eldee, and you can pick up groceries, beer and wine if you'd like, and gas. This is not unusual in 218 places throughout Ontario, and I know Ted is going to speak about that.

I want to talk about the problem of contraband tobacco and the underground economy. Can you relate the story of how you picked up the cigarette butts at Scollard Hall, my old high school in North Bay, over the last two years and just talk very briefly about that?

**Mr. Dave Bryans:** Sure. I'll just quickly tell you—

**Mr. Victor Fedeli:** And explain how you do that.

**Mr. Dave Bryans:** It's the most unscientific study; I can tell you. We've swept 130 sites in Ontario for two years in a row, the identical sites. With provincial tobacco tax increases and federal increases, we're able to measure: Is there a movement in contraband, and is it infiltrating every community more often? I think it's about 40 communities.

Saying that, we sweep them up where people are known to smoke, whether it be at the Sudbury racetrack or at the high schools. We do wait until people have gone home, or they're not around. We sweep them up, and then our researchers look at the butt and figure out if it's illegal or legal. The reason we have to do that is, first off, smokers who buy illegal tobacco do not come in and tell you—they wouldn't tell this committee—and people who ship them to your community will not admit it to you until either the CRA or the RCMP find them. So it is unscientific, but it has shown an immense amount of growth, I think, in your market.

I did an interview yesterday in Sudbury, and we went from 24% a year ago at the same five sites to 35% in a short year, the highest being the local hospital in Sudbury, and the second-highest being the slot parlour, or the racetrack, in Sudbury. So it is a concern, and it should be a concern to all of us.

**Mr. Victor Fedeli:** So to further explain, you sweep the cigarette butts, you put them in a garbage bag, and you drive them back to Toronto. Somebody sorts through them and counts how many Putter's or other illegal cigarettes are there. You did that one year and then the following year, and that's your analysis.

**Mr. Dave Bryans:** It was the identical 130 sites, just to understand better. And we'll do it next year at the same time.

**Mr. Victor Fedeli:** And it's a remarkable increase this year over last year at the high schools and the hospitals and such.

**Mr. Dave Bryans:** Yes, we're quite concerned. First off, no high school or hospital should have that much smoking. We find the hospitals are very high in Ontario. Maybe that's because it's easier to sweep them.

**The Chair (Ms. Soo Wong):** Mr. Arnott, you have two minutes.

**Mr. Ted Arnott:** Yes, thank you very much. We really appreciated your presentation. I thought it was very interesting. You outlined the economic impact of your industry in the supplementary paper. Convenience stores are big business, collectively, and it's something that I think this committee needs to fully appreciate and understand.

You mentioned the LCBO agency stores, and you're suggesting that that be expanded in other convenience stores across the province. As Vic was saying, there are at least two agency stores in my riding, in the communities of Rockwood and Hillsburgh. They're small towns fairly close to the city of Guelph, but they have their own agency stores within existing grocery stores.

It's an initiative, I believe, that was brought into the province of Ontario when Andy Brandt was the chair of the LCBO and when our party was in government. To the best of my recollection, I don't think I've had a single complaint from anybody about the existence of the agency stores, and I think that people do appreciate the convenience. Your suggestion is a sensible one, and it builds upon something that's already in place.

I assume that you've had direct discussions with the government suggesting this idea. Have you gotten a response from them?

**1330**

**Mr. Dave Bryans:** Oh, we've been dealing with the Ed Clark panel—by the way, he's a wonderful individual. We have suggested an LCBO beer agency store as an expansion, because the Beer Stores in Ontario have 80% of the market and LCBO has 20%. For the government to protect its assets and continue to compete in the beer market, they could move the beer through the LCBO distribution centre—that's where the markup is and that's where the profit is: at distribution, not at retail—and then ship it to LCBO beer agency stores as a convenience factor for every community. The government would reap immense benefits. I think Mr. Clark was very interested in our submission, and it isn't to put full alcohol in all communities.

**The Chair (Ms. Soo Wong):** Okay, Mr. Bryans. Thank you very much for your presentation, as well as your written submission.

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

## ONTARIO NURSES' ASSOCIATION

**The Chair (Ms. Soo Wong):** The next group coming before us is the Ontario Nurses' Association, and I believe it's Vicki McKenna, the first vice-president. Ms. McKenna, it looks like you have a colleague with you.

**Ms. Vicki McKenna:** Yes, I do.

**The Chair (Ms. Soo Wong):** You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the third party. Can both of you identify yourself, as well as your position with the Ontario Nurses' Association, for Hansard purposes? You may begin any time.

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

My background in nursing includes many years of practice as a registered nurse at the London Health Sciences Centre. I work with both the adult and pediatric populations and their families.

ONA is Canada's largest nursing union. We represent over 60,000 registered nurses and allied health professionals, as well as 14,000 nursing student affiliate members. We provide care in hospitals, long-term-care facilities, public health units, the community, clinics and industry.

The standing committee has heard from a number of ONA nursing representatives across the province, in Sudbury, Ottawa, Fort Erie and London. We've detailed the challenges to the delivery of safe care for our hospital patients and in the community. You've heard that hospitals have responded to budget restraints with significant cuts to RN positions and the implementation of staffing models that have replaced RN care with less-qualified staffing.

We know from direct experience that this underfunding of hospitals hurts patient care. This afternoon, I'll talk to you more about cuts that were announced today and I'll provide you with updated information that will include recent assaults on nurses in hospitals in Ontario. This evidence from across Ontario clearly demonstrates the dire need for more registered nurses in our hospitals to meet the increased care needs of our complex, unstable and unpredictable patients. We hope that the standing committee understands that the current conditions in our hospitals must not continue, for the sake of our patients and for the well-being of our nurses.

First, I'll repeat, as I did at the last committee, that the ratio of RNs to population in Ontario continues to be the second-lowest in Canada. Ontario clearly must and can do better. Ontario only has 71 registered nurses per 10,000 population, compared with the national average of 83.6 RNs per 10,000. This is nothing to be proud of. As a result, the increasingly high patient assignments for each RN means that gaps may arise in patient assessments, interventions and care planning.

The 2015 budget must address this untenable gap in RN care for our patients. We're calling on the government for a plan of action in Ontario that will begin to stabilize our RN care with that provided in the rest of the country. We're asking for a comprehensive nursing human resource plan to be developed that clearly identifies where RNs fit into the government's vision for health care in Ontario. We're calling for an end to the freezing of hospital-based operating budgets. There have been multiple years of funding for hospitals that are below the cost of inflation, and the population growth is creating high-risk situations for patients' care. Ontarians deserve better.

Ontarians have lost more than three million hours of registered nursing care from cuts as a result of the three years of funding freezes for hospital-based budgets. We know that higher levels of RN staffing in hospitals are essential to care for the patients with complex, unpredictable conditions. Studies show that adding one patient to a nurse's average caseload in acute care hospitals is associated with a 7% increase in complications and patient mortality.

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections and other complications that are mitigated through early intervention and to more rapid patient recovery and shorter hospital stays. The cuts that we're seeing to RN positions completely ignore the evidence linking RN care to improved health outcomes for our patients. Overcensus on our hospital units are now routinely being assessed for stretcher capacity. That means nursing care being done in the hallways of our hospitals in Ontario.

Surgeries are being cancelled. Emergency patients are facing overcrowding and extended waits. Regional referrals are restricted, and the safety of our patients and our nurses is put at risk under these band-aid strategies to deal with overcapacity in our extremely busy hospitals.

The nurses of Ontario are asking: When did the government decide it was okay for our hospitals to put patients at risk, to balance budgets? Why is the government risking our patients' recovery? Why do hospitals close beds and cut nurses when in reality, the beds don't close but the staffing remains unchanged and unsafe? Why are hospitals still replacing registered nurses with unregulated staffing models when the evidence clearly shows patient care is negatively affected?

Today, Bluewater Health in Sarnia announced the elimination of 39 RN positions. For patients in the Sarnia area, these cuts mean less RN care in their intensive care unit, medical in-patient units, emergency, mental health, the operating room, the surgical units, and palliative and cognitively complex care units.

I say to the residents in the Sarnia area that you need to call your MPP. Tell them what's happening in their hospital. Tell them how this will affect your health care and the health of your community.

Freezing hospital base budgets below the costs of inflation and population growth is cutting funding for patients for the care that they need. The current reality is that the nurse-to-patient ratio in Ontario is unsafe, unmanageable and dangerous, and increasingly so for our nurses.

Patients in acute care have complex medical issues, with multiple health conditions that require a broad scope of practice, skills and experience. This is what RNs bring to the bedside.

Hospitals are experimenting with alternative staffing models, due to extreme budget constraints, but it's clear from the evidence that alternative staffing models cannot replicate the level, nature and complexity of the care provided by RNs.

I've almost given up asking the government about this, but I will ask once more: to enforce regulation 965 under the Public Hospitals Act, specifying that every hospital must put in place a functioning fiscal advisory committee to ensure input from front-line nurses. How else will they know how the cuts will affect the front line?

Finally, we're calling on the government to immediately convene a focus group of front-line nurses to inform the Minister of Health about the serious escalation of violent incidents in our workplaces. We're asking for the government to take action on a strategy to address the epidemic of workplace violence that must include these key components: provincial standards for the prevention of workplace violence and for risk assessments by employers; health and safety indicators and performance measures and accountability agreements; strategies for enforcement of existing health and safety law; developing of training and education resources; and a strategy for mental health patients.

Violent attacks on nurses in London, as you heard, have exploded from 18 in 2013 to 360 in 2014 and already, this far in 2015, 34 assaults.

Nurses have suffered critical injuries from violent attacks at the Centre for Addiction and Mental Health here in Toronto, and in Ottawa and Brockville. We've had reports of hundreds of attacks on nurses in major hospitals this year alone, attacks that have left our nurses with head injuries and broken bones.

Violence against nurses is not okay; it's not part of the job, and we believe the Ministers of Health and Labour must act now. Ontario must and can do better.

Thank you very much for your time and attention. I know you have a copy of our submission, and we're happy to answer questions.

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

Ms. Fife, you may begin your questioning.

**Ms. Catherine Fife:** Thank you very much. I must say, your members across the province have done an excellent job of bringing the lived experiences of being a nurse in a hospital to this committee, so thank you for that.

I just want to touch on a couple of issues; there's so much. We've heard this across the province, that RNs are being replaced with unregulated staff. Who are those people? Who are the unregulated staff?

**Ms. Vicki McKenna:** It does vary from organization to organization. We're talking about our acute care hospitals in particular—where we have the gravest concern—where more complex and seriously ill people are.

There is room for all of us in the health care system. However, in the acute care centres, where we're having, quite frankly, less-qualified, unregulated health care providers—in acute care settings, where patient conditions are very complex—this is not a good fit. This is where we're running into safety issues; this is where we're running into problems where we believe patients are at risk.

**1340**

**Ms. Catherine Fife:** Okay. To go back to the hospital setting just for a moment, if this government freezes funding for hospitals for the fourth year in a row—they bragged about holding the line on it, but it's essentially a cut because it's not meeting up to the cost of living—what will that mean for your members in the hospitals across the province?

**Ms. Vicki McKenna:** I believe it will mean the same as it has meant for the last three years: that the budgets are going to be balanced on the backs of the nurses. In fact, what it will mean is reduced registered nursing care at the bedside of patients.

We know what the research shows. We know that patients do better, don't stay as long in hospital, have fewer complications, and the mortality rates are lower. The research is clear. I just don't get why this is such a difficult concept.

**Ms. Catherine Fife:** Okay. This Saturday is actually the deadline for the home care panel to report back to the Ministry of Health. Of course, you represent care coordinators in at least 10 CCACs across the province.

**Ms. Vicki McKenna:** Yes, we do.

**Ms. Catherine Fife:** Would you agree that greater direct public home care delivery through the CCACs would allow improvement and continuity of care for patients? And can you address the gap in funding, or what you're seeing first-hand around that?

**Ms. Vicki McKenna:** Right. What I do know from care coordinators and the group that we both recently have been very closely dealing with in regard to their labour issues—they do describe that they believe that would be true if they had more direct care providers under the umbrella and employment of CCACs. They believe continuity would improve.

They know their home care agencies are doing the best they can. However, they believe they're limited, and that the training, qualifications and quality would all improve if they were under one umbrella.

**Ms. Catherine Fife:** Thank you. One final question: Around the violence against nurses in our hospitals—because it has been in the media; it's coming to a head—can you share your thoughts on the gravity of the situation for nurses in our hospitals?

**Ms. Vicki McKenna:** It is very difficult. We believe every one of those assaults has been preventable and that if we had adequate enforcement, staffing and supports and training—if there were actual attention paid to this serious, serious issue—the overcrowding is causing increasingly difficult situations for patients as well. This is about not just the nurses; this is about the patients. They are there because they need support and assistance. They come to hospital for care, and they are there because they're not able to manage. We aren't providing the numbers of staff and the support needed for them to be cared for in a safe and holistic environment.

The nurses are going to work every day. They're not saying, "I'm not going in." They are going every day. But they are saying to me, "This is not right, and it's not acceptable that I go every day and I'm worried if I'm going get hurt, injured or if I'm going to go home to my family tonight."

**Ms. Catherine Fife:** Sure. Thank you very much, Vicki—

**The Chair (Ms. Soo Wong):** Thank you very much, Ms. McKenna.

ONTARIO CHIROPRACTIC ASSOCIATION

**The Chair (Ms. Soo Wong):** The next group coming before us is the Ontario Chiropractic Association. I believe it's Bob Haig, the chief executive officer. You're bringing one of your colleagues as well, Mr. Haig?

**Dr. Bob Haig:** Yes.

**The Chair (Ms. Soo Wong):** As you've heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side.

Please identify yourself, and the position you hold with your association, for both yourself and your colleague. Thank you.

**Dr. Bob Haig:** Thank you. Ladies and gentlemen, my name is Dr. Bob Haig. I'm the CEO of the Ontario Chiropractic Association. With me is Val Carter, who is the director of external relations for the Ontario Chiropractic Association.

I know that you've heard from a number of chiropractors around the province, so my first goal is to be done in less than 10 minutes.

Ontario's Action Plan for Health Care identified the importance of improved quality of care, increased access, and better value for money as fundamental to a high-performing, patient-centred, sustainable health care system. Key in the action plan is the commitment to ensuring Ontarians have access to the right care at the right time in the right place. As the government continues to transform the health care system while at the same time finding ways to reduce costs, chiropractors can help.

Low back pain is identified by the government as a particularly pervasive and costly condition. Up to 80% of the population experiences low back pain at least once in their lifetime. In 2012, nearly one in five Ontarians reported having chronic back problems.

The Public Health Agency of Canada found that, in 2008, the direct costs—that hospital, drug and physician costs—related to low back pain in Ontario amounted to more than $390 million.

In 2013, the Ontario Workplace Safety and Insurance Board reported that over the previous 10 years, low back pain was the leading body part injured and accounted for something like 18% of total claims. So there's significant reduced productivity as a result of low back pain that has a significant impact on Ontario's economy.

It's very common for patients with back pain to be referred to a spine surgeon, which contributes in part to the long wait-lists for spine surgeons. Over 90% of the people who get that referral are actually not surgical candidates and should never have been there in the first place. It has an impact on system performance and system costs, but it also has a significant impact on that patient, who, after eight or nine or 10 months, simply gets referred back to where they started, to their family physician. There's a huge opportunity to have an impact on how that system works.

In recognizing this, the government introduced a Low Back Pain Strategy in 2012. Included in that are two separate pilot projects that I want to touch on briefly. The first one is called ISAEC, or the Inter-professional Spine Assessment and Education Clinic pilot. It's led by UHN and has been operating since November 2012 at three sites in Ontario: Hamilton, Thunder Bay and Toronto.

As part of ISAEC, chiropractors and physiotherapists provide assessment, education and evidence-based treatment plans to low back pain patients who have been referred by their primary care provider, physicians or nurse practitioners.

ISAEC is generating some very positive results, including a significant reduction in referrals to spine surgeons and a significant reduction in avoidable diagnostics, in particular, MRIs. That's saving the health system significant money. The Minister of Health recently pegged that at $15 million so far from these three small pilots.

The Primary Care Low Back Pain Pilot is the second one. This is embedded right in the primary care system, so it's different from ISAEC, which are stand-alone facilities. This was announced just in fall 2013. The minister released an RFP to all interprofessional health care teams in Ontario—that's family health teams, community health centres, aboriginal health access centres and nurse-practitioner-led clinics—inviting them to apply for funding to put low back pain programs in place. Those programs specifically are to include allied health professionals: chiropractors, physiotherapists and others. We know that chiropractors are playing a very prominent role in those. The ministry has now selected seven sites, and those are about to become functional in the next little while.

At the same time that that happened, the government also changed policy to provide for family health teams, CHCs and other interprofessional teams to hire chiropractors on either a salaried or sessional basis. That obviously will help to improve the management of musculoskeletal conditions, of which low back pain is a very large and important subset.

While the policy will serve to improve low back pain in these interprofessional settings, it will have an even broader impact, as primary care teams can now hire chiropractors to support musculoskeletal care that is wide-ranging, including neck pain, shoulder injuries, hips, knees and other things.

Recognizing the challenges that they face in treating low back pain, there were more than 100 of the interprofessional primary care teams that responded to that RFP. It was a short turnaround time on the RFP, and I think everybody was taken by surprise that there was such a need identified among these primary health care teams for these kinds of programs and for the inclusion of low back pain experts like chiropractors and physiotherapists.

What we're suggesting, and what we're hoping, is to have the government remain committed to improving low back pain patient care. Specifically, even though there has been a policy change, we recommend that there needs to be some funding to allow primary care teams to hire chiropractors and others in order to put these programs in place.

**1350**

Secondly, it's important that as the results of those pilots—the ISAEC pilot and the primary care low back pain pilot—are coming in, it's going to be necessary to have some funding in order to roll out something province-wide so that it's not just these very limited sites, but in fact the principle that is having such an impact for patients and on system costs and system sustainability can actually be pervasive throughout the system.

Those are the two things that we're specifically recommending.

Given chiropractors' expertise in the musculoskeletal system, chiropractors are well-positioned to play a leadership role in helping patients manage low back pain, increase physical function, improve their health outcomes and to do this as part of teams and reduce the costly and unnecessary referrals to diagnostic imaging and to other, more expensive medical consultants.

Greater cost reductions can be found from a relatively small investment in making the system function better for that important cohort of patients.

Thank you, and we're happy to answer any questions you have.

**The Chair (Ms. Soo Wong):** Thank you very much for your presentation. I have Mr. Milczyn coming to ask you some questions.

**Mr. Peter Z. Milczyn:** Thank you, Dr. Haig, for your very good presentation—a lot of information. Certainly, as a long-standing patient of a great chiropractor, I can attest to the value that it provides as a profession.

I was very interested in your assessment of the programs that this government has rolled out and how they're beginning to function. The first one, the interprofessional spine assessment and education clinics: That's really ground-breaking that you get medical doctors, chiropractors and other health professionals working together. So your assessment is that that is working well and we're ready to start expanding on that.

**Dr. Bob Haig:** If I could just take a minute. There has been a growing recognition internationally about the specialized expertise of chiropractors and others in this particular area. That has come together with the very clear need to reduce wait-times for medical specialists—spine surgeons, in this case. So the concept of using chiropractors and advanced-practice physiotherapists in an assessment and triage role makes complete sense. That's well accepted in a lot of different places.

The ISAEC model specifically does that. It's quite a structured protocol and it is producing absolutely good results. The primary care low back pain one is a little bit different because you'll have different models that individual primary health care teams have put together based on their specific patient populations. There are other programs; what's going to work for them in their communities? Whereas the ISAEC program is primarily associated with a spine surgical centre. So they are different models. They both are showing great promise. They will both have the impact of saving money, improving patient experience and reducing the wait-time for those patients who actually need to get to a surgeon.

**Mr. Peter Z. Milczyn:** The ISAEC model relieves pressure on much higher-cost medical procedures. The other, the lower back pain strategy, is a more community-based approach to providing health care.

**Dr. Bob Haig:** The function of the two is very similar. The ISAEC was set up—part of the original concept was to triage patients who were already on the spine surgeon's wait-list. The function of this triage and assessment role is the right thing to do and it can be done in a different place. It may be that the ISAEC model is ideal as a regional model and that the primary care model is more of a local model. But the principle of using people like chiropractors more effectively within their scope of practice as part of that continuum of care is what's identical in the two of them.

**Mr. Peter Z. Milczyn:** And it reduces costs on the health care system and provides a broader approach to providing the health care supports and services that people need.

**Dr. Bob Haig:** A broader approach to care: It streams people to the right place for care. I hate to use the word "efficient," but it is a more efficient way for the system to treat these patients. But it's much better for the patient, obviously, because they end up at the right place sooner.

**Mr. Peter Z. Milczyn:** Your ask is that this more community-based approach be expanded.

**Dr. Bob Haig:** What I'm asking is that, once both of these pilots are done, the government be in a position to act on them so that patients and the system and health care teams across the province are able to incorporate programs like this. We understand the financial difficulties that exist; we understand the challenges that the government faces in putting new programs in place or putting any programs in place at this time. We're saying that this is one that will have a significant payoff for a relatively small investment.

**The Chair (Ms. Soo Wong):** Thank you very much, Dr. Haig, for your presentation and your written submission.

## TRILLIUM AUTOMOBILE DEALERS ASSOCIATION

**The Chair (Ms. Soo Wong):** The next group coming before us is the Trillium Automobile Dealers Association: Mr. Frank Notte. Mr. Notte, come on down and join us. Good afternoon. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the official opposition party.

You may begin at any time. Please identify yourself and your position with your association for the purpose of Hansard. Thank you.

**Mr. Frank Notte:** Thank you. My name is Frank Notte, and I'm the director of government relations for the Trillium Automobile Dealers Association. Since

1908, our association has been the voice of Ontario's new car dealers. We represent one third of all new car dealers in Canada, who in turn sell approximately 40% of all new cars nationwide.

The auto sector is the backbone of Ontario's economy. Five automobile manufacturers, 700 parts suppliers and 500 tool, die and mould makers call Ontario home. Those numbers are impressive. Many sub-national governments in the world would look at those statistics with much envy.

From the 2008 rescue package to ongoing funding for research and development, the province has assisted the manufacturing side of the auto sector. But Ontario's auto sector policy comes up short after the vehicles leave the assembly plant. Too often, the retail side of the auto sector is an afterthought among provincial policy-makers. It's time to change that mindset.

More coordination is required at Queen's Park to include both manufacturing and retail when developing auto policy. Provincial policy must recognize that new car dealers and their employees play a key role in the auto sector and greatly contribute to the provincial and local economy. Our dealers employ 49,000 people; that's the same size as the city of Belleville. They also generate $29 billion annually in economic activity. Auto dealers and their employees are quite literally where the rubber hits the road.

Ontario's support for the auto sector can't stop at manufacturing. Job creators like new car dealers need to be supported, and the auto sector's customers—car owners and drivers—need a provincial government that recognizes that driving a car is a necessity for the vast majority of Ontarians. We estimate that 90% of Ontarians over 18 years of age have a driver's licence. That is how they get to work or school, pick up groceries or bring their children to activities.

Our first recommendation for budget 2015 is to increase consumer protection by regulating advertising placed by automobile manufacturers. In 2010, the Motor Vehicle Dealers Act, or MVDA, was updated and established the strongest vehicle-buying rights in Canada. One major reform included changes to advertising regulations, including better disclosure requirements and so-called all-in pricing.

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

However, the Ontario government chose to exempt advertisements placed by manufacturers from the MVDA. In other words, advertising placed by manufacturers is not subject to any advertising regulations.

**1400**

On one hand, the government proudly celebrates the benefits of all-in pricing and other advertising regulations that increase consumer protection, but on the other hand, it decided to compromise consumer protection by creating one set of rules for dealers and another set of rules for manufacturers.

For example, look at the two ads that I handed out. They're attached to your package. One is placed by a manufacturer, and the other is a dealer ad. Both these ads appeared on the same day, in the same newspaper. Now ask yourself: Which price would you rather pay? I'm going to assume that you're going to want to pay the lower price. The reality is that you can't buy that car at the lower price because it excludes the mandatory charges. Because the manufacturer isn't required to include all costs, they can advertise a lower price, a price for which the consumer cannot buy that vehicle.

Now put yourself in the dealer's shoes. If a potential customer arrives in the showroom, shows you the manufacturer's ad and wants to purchase the vehicle, you are now forced to explain that manufacturers are exempted from the MVDA and that manufacturers don't have to advertise the all-in price. It's not a great starting point with a potential customer.

These two sets of rules create confusion in the marketplace. Quebec's all-in pricing rule applies to all consumer products, including vehicle manufacturers' ads.

Those who agree that some form of regulation is needed include the Ontario Motor Vehicle Industry Council, or OMVIC—that's Ontario's regulator of automobile dealerships and salespeople—the Used Car Dealers Association of Ontario and at least three consumer groups, including the Consumers Council of Canada.

Our second recommendation is to park the carbon tax. Dramatically increasing the cost of vehicle ownership and the cost of doing business for dealers and manufacturers is not supporting the auto sector. Again, the government's focus on the auto sector fails to realize the consumer and dealer component. Amazingly, gasoline is already taxed four separate times: the provincial and federal gas tax, and then the HST on top of that. Is adding a fifth tax really going to solve anything? The province can't claim to support the auto sector on one hand, then implement a carbon tax that would directly impact those who make, sell and use automobiles.

During the last election, Premier Wynne took an HST increase, gas tax increase and personal income tax increase off the table, citing that she didn't want to increase taxes on the middle class. We agree. Either a direct increase to the gas tax or a carbon tax that increases the cost of gasoline will net the same result. Middle-class families, most of whom rely on the family car, will be hit with a tax increase.

The National Post's Rex Murphy summed it up nicely when he said, "The fall in gasoline prices has worked a real miracle, done a thing neither government nor industry has had the will or means to do: It has given people who actually work for a living, those who have the low-paying jobs—the clerks and secretaries, teaching assistants, fresh graduates toiling as low- or no-wage interns, taxi drivers, maintenance men, janitors, those waiting tables or clearing snow, fishermen and farmers—a break. De facto, the decline in the price of gasoline means a little bit of real money—finally—in the pockets of those who so very rarely have it."

Our third and final recommendation is to reform and start phasing out the Drive Clean program. Currently, a dealer must complete an emissions test prior to selling a used vehicle. This step does nothing to reduce pollution, especially if the automobile is still under the manufacturer's warranty or falls under Drive Clean's own seven-year exemption for newer models, It only adds frustration to dealers and consumers, wasting time and money.

Here is a real-life example. A dealer owns a 2014 model demo, and a consumer wishes to purchase it. This demo is six months old and has only been driven 5,000 kilometres—basically brand new. The vehicle is still covered under the manufacturer's warranty and, because of its age, would otherwise not require its first emissions test until the year 2021. However, since the vehicle was registered to the dealer previously, the vehicle is deemed to be used. Therefore an emissions test is required before selling the vehicle.

Even used vehicles that are three or four years of age must go through an emissions test before a dealer can sell it. Drive Clean's own rule says the vehicle should receive its first test after seven years of age. The question is, why are dealers wasting time and money to test a vehicle that even Drive Clean expects to pass with flying colours?

The province should not require a Drive Clean test on used vehicles under seven years of age, mirroring Drive Clean's own rule. Furthermore, the province should start making plans immediately to phase out Drive Clean, based on the 2012 Auditor General's report that found:

—vehicle emissions have declined significantly to the point that they are no longer among the major domestic contributors to smog in Ontario; and

—that 75% of the reduction in vehicle emissions was a result of better manufacturing standards and cleaner fuel, not Drive Clean.

That is why our association has taken the position to eliminate the Drive Clean program, as has been done in BC and a number of US states.

We hope the committee sees merit in these practical, no-cost solutions. I'm not here asking for any funding. These recommendations do not require any funding and will have a positive impact on consumer protection and the auto retail sector.

**The Chair (Ms. Soo Wong):** Thank you very much. Mr. Arnott, do you want to begin the questioning?

**Mr. Ted Arnott:** Excellent presentation. Thank you very much for coming today and offering your advice on behalf of your members at the Trillium Automobile Dealers Association.

Your first recommendation about advertising is something I wasn't aware of. It's fascinating that the government brought in that legislation five years ago and exempted the manufacturers. Do you know why they exempted the manufacturers?

**Mr. Frank Notte:** We've never gotten a clear answer.

**Mr. Ted Arnott:** Okay.

**Mr. Frank Notte:** I suspect that when the regulations were being developed—it was the time of the 2008-09 financial crisis, so there may have been some sensitivity towards that, but it still doesn't merit that there's one set of rules for dealers and—

**Mr. Ted Arnott:** But the two advertisements that you've included, that appeared in the Toronto Star on July 21, 2012, in the very same edition of the Saturday Star, clearly show us why there's a problem. I can only imagine how the dealer has to try to explain it. I certainly agree with you that this needs to be looked at. You're just asking for an amendment to the Motor Vehicle Dealers Act to accomplish that, I gather. Well done.

Mr. Fedeli is going to ask a question.

**The Chair (Ms. Soo Wong):** Mr. Fedeli, you have a question?

**Mr. Victor Fedeli:** Thank you very much. I wanted to talk about the carbon tax, Frank. In your document, on page 5, you say you were surprised to learn of the provincial government's intent to implement a carbon tax and that the plan was announced out of thin air, with no input from the auto sector or the electorate, and the fact that, "The Liberal Party made no mention of carbon taxes during the last provincial election just seven months ago." Specifically, what do you think this means for the 1,000 new car dealers?

**Mr. Frank Notte:** It will mean that their vehicles will be costly to run. It means that their consumers will now have to pay more out of their pocket for a necessity that they need to do. Not everybody can use public transit; not everybody can own a car. For the vast majority of people in Ontario, they need a car, so their basic, everyday life, their cost of living, is going to automatically increase if that happens.

**Mr. Victor Fedeli:** You haven't spoken directly about the pension tax that's coming as well. How do you feel that will affect—I'm not speculating that many of the car dealers in your network have pension programs existing, but if they don't and they don't have a defined benefit plan, they will be subject to this new tax. Can you talk about the impact of that, as well?

**Mr. Frank Notte:** Sure. Again, it all goes to that issue of increasing the cost of doing business, so automatically their payroll will increase because they're going to have to put more money into this fund—sorry, their payroll tax, as we call it, will make it more expensive to hire people, and that's not a good thing. So we're very concerned.

Again, it takes money out of the auto sector. Dealers create 49,000 jobs every year. We're worried that that number might go down if this happens. We've very concerned. We've stated our opposition to it. For those who do have a defined contribution plan, we have asked the province to reference that as comparable, so those who already have a workplace pension plan won't be affected by it.

**Mr. Victor Fedeli:** Have you seen from the government a cost-benefit analysis on either the carbon tax or the pension tax with respect to the auto sector?

**Mr. Frank Notte:** No, I haven't.

**Mr. Victor Fedeli:** Thank you, Chair.

**The Chair (Ms. Soo Wong):** Thank you very much. Thank you for your presentation and your written submission, sir.

**1410**

REGISTERED NURSES' ASSOCIATION OF ONTARIO

**The Chair (Ms. Soo Wong):** The next group coming before us is the Registered Nurses' Association of Ontario. I believe there's a group of you guys coming down. All right, come on down. Thank you, and welcome.

As you heard, you have 10 minutes for your presentation followed by five minutes of questioning from the committee members, and this round of questions will be from the third party. You may begin by identifying yourselves and your positions with the RNAO for the purposes of Hansard. Thank you.

**Mr. Tim Lenartowych:** Thank you, Madam Chair. My name is Tim Lenartowych. I'm the associate director of nursing and health policy with the Registered Nurses' Association of Ontario. With me is Kim Jarvi, our senior economist.

RNAO is the professional association representing registered nurses, nurse practitioners and nursing students in all settings and roles in Ontario. Our association takes pride in influencing public policy and we know that budgets profoundly affect people's health and nursing services.

Last year, the people of Ontario elected a government which promised to preserve and restore public services. Ontarians gave them a majority. Now, government must deliver.

We know from experience that during the 2008 recession, calls to boost spending to soften its blow helped to avoid a disastrous decline. There is no question that deficits and debts must be taken seriously. However, if we truly care about creating a just and fair society, the government must make policy and budget decisions that protect the most vulnerable and promote health. There must be a balance between revenues and expenses to build a healthy, sustainable and inclusive society.

Nurses say that we can deal with the fiscal deficit within a time frame that doesn't hurt the economy and that gets the mix of expenditures and revenues right. There is no reason for austerity in the current economic situation, including a very competitive Canadian dollar. The government should take advantage of low interest rates and invest in rebuilding the economy, and it should consider enhanced revenue measures, such as reducing tax avoidance, adding more green taxes, prices on carbon and surcharges on those better able to pay. All of these measures will help to reduce the deficit and restore fiscal capacity.

The government must also be wary of the temptation to sell off assets in exchange for a one-time cash infusion. At various times, Hydro One, Ontario Power Generation and the Liquor Control Board of Ontario have been mentioned as potentially on the block. We believe that the government has much more to lose if it goes down this road than it stands to gain, and nurses forcefully oppose such economic schemes.

One of the best ways we can get better value for money spent on health care is to make changes to the existing system. The Canada Health Act is a valuable tool to ensuring the delivery of health care to all. However, two services are missing. That includes drugs and home care.

We know that a national pharmacare system would improve Canadians' health and save billions of dollars each year. There is public support for this, and we're pleased that the health minister, Eric Hoskins, is supportive of this and has called on his counterparts to make pharmacare a reality. However, we believe that Ontario should lead the way and launch a universal and comprehensive pharmacare program and set the course for change, a program that does not include co-payments, means testing or user fees.

We also know that people age better at home and it's less expensive to the system. While the government has invested in home care, the time has come to ensure that home care is seen as part of the health system, not just an extension of it. Our warning to government is to ensure that a universal home care program does not include co-payments, means testing or user fees. We caution you about this because we see evidence of creeping privatization within our system. Hospitals and health care organizations are grappling with tighter budgets. That's why we see medical tourism as a serious concern.

Medical tourism is the sale of health care, at a profit, to people who travel to Ontario from abroad to get quicker or less costly access to health services. We know that medical tourism has occurred in Ontario and are in staunch opposition to it. Put simply, health care is not a commodity to be bought or sold. We were heartened last November when the Minister of Health asked all hospitals to stop soliciting and treating international patients, with the exception of humanitarian work and any activities related to existing contracts. While happy with these steps, we need to outlaw the practice, and this is why RNAO strongly urges a complete ban on medical tourism through legislation. When this happens, nurses will stand with you and applaud.

RNAO agrees that changes are needed to make our publicly funded and not-for-profit health system more responsive. First, we need to anchor the system within primary care. We can achieve this by adopting a road map that we laid out in our Enhancing Community Care for Ontarians model. If every Ontarian had access to comprehensive, interprofessional primary care, where all of their providers worked to full scope, we would have a much more effective and efficient system.

Second, we feel that the mandate of the LHINs should be expanded to include funding and planning accountability for all sectors, including home care, primary care and public health. We also believe that the functions of community care access centres should be integrated into other areas of the system. This means transitioning the 3,500 care coordinators into primary care to support Ontarians with the most complex needs. This can happen through a well-thought-out labour strategy that maintains compensation and benefits. The end goal would be to position primary care as the coordinating hub for people's care and save nearly $200 million annually in administrative expenses.

Third, nurse practitioners must play a bigger role so that they can enhance timely care for residents in long-term care. That's why we want to see one nurse practitioner per 120 residents within long-term care. As a first step, the Minister of Health and Long-Term Care announced funding for 75 nurse practitioner positions in long-term care. However, it's now a year later, and long-term-care homes are still waiting for funding release, and no NPs have been hired. The government cannot delay any longer.

The government also needs to consider the public's access to registered nurses. We all know that in the 1990s, there were significant layoffs, stagnant growth and falling employment. Successive governments have reversed the downward trend. However, the past few years have been concerning. Today, Ontario has the second-lowest RN-to-population ratio in Canada. We need over 17,000 more registered nurses to meet the national average. We also need more nurses to be working full-time. We urge the government to continue its pursuit of having 70% of nurses working full-time in the province.

Ontario's nurses also want to fully utilize their knowledge and skill. It only makes sense to expand the role of the RN to include better access to care. Prescribing medications, ordering diagnostic tests and communicating a diagnosis are just some of the ways that patient care can be improved. In 2013, Premier Wynne announced at RNAO's annual meeting that her government is committed to expanding the role of RNs. RN prescribing was also made a public campaign promise in 2014. We've heard little since then, and it is imperative that the government move forward with legislative and regulatory amendments to authorize RN prescribing.

Income is also important to nurses, and they are seeking equitable compensation. We need to ensure that the wages for registered nurses and nurse practitioners across sectors are fair. Right now, this is not the case. In fact, current wage differentials act as a disincentive to those who want to work in the community sector.

Here is one example: Primary care nurse practitioners earn as much as $20,000 less annually than their counterparts who work in hospitals or CCACs. That is why one in five nurse practitioner positions in the community is vacant.

Nurses also know that health and well-being are shaped by many forces around them. That is why more attention is needed when it comes to poverty. We were pleased when the Deputy Premier released the government's renewed poverty reduction strategy, but more is needed. It must be strengthened by releasing a detailed implementation plan, complete with targets and timelines, accompanied by substantive public investment.

We know that there was a particularly icy cold snap earlier this month, and, sadly, we lost the lives of four homeless individuals within Toronto. This brought into stark focus the link between access to safe, affordable housing and health. Therefore, we call on the government to invest 1% of its budget to address the backlog of existing affordable housing units in need of repair and to create new affordable housing stock.

We also request that the government raise dangerously low social assistance rates to reflect the actual cost of living by setting up an expert panel that includes people with lived experience. Also, the minimum wage must be increased. While nurses applaud the increases that have been made, $11 an hour still leaves the recipient 16% below the poverty line. A $14 minimum wage is the path out of poverty.

Lastly, nurses know that environmental determinants of health play a huge role in the overall health and well-being of individuals and their communities. Breathing clean air, living in a safe environment free of toxics and having sustainable forms of electricity and transit not only help us and our children, but they help our planet.

Therefore, we urge the government to set ambitious toxics reduction targets and ensure that people have the right to know about the existence of toxics in their environment. We also urge the government to regulate the use of neonicotinoids in agriculture to achieve a 15% over-winter honey bee mortality rate reduction by 2020 as a first step towards a complete ban. We also call on the government to minimize the energy footprint by focusing on conservation and energy efficiency, and increasing reliance on renewable energy. Lastly, take all necessary steps to ensure that there are sufficient dedicated revenue sources to pay for a substantial expansion of transit and active transportation, and to support cost-effective and expeditious delivery of those expansions.

In closing, we thank the standing committee for this opportunity. RNAO continues to look forward to partnering with policy- and decision-makers in the year ahead. Our recommendations today have covered a wide spectrum and we urge you to consider them. Thank you.

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**The Chair (Ms. Soo Wong):** Thank you very much. Ms. Fife, do you want to begin the questioning?

**Ms. Catherine Fife:** Thank you very much, Tim, for a comprehensive presentation, and Kim, for being here from an economic perspective.

I'm happy that you raised the creeping privatization of health care in your presentation because we see it actually as a little bit more than creeping. We see it as very aggressive. And thank you to the RNAO for raising the issue of medical tourism, because you exposed that practice for what it was in the province of Ontario. We share your concern. We want to see it completely outlawed.

To that end, you're paying attention to where the dollars are going. The Auditor General came out with a report about P3s. It's a huge number—it's almost too big of a number for people to grapple—but on health care specifically, we see that 27 P3 hospitals have been built. Eight are currently under construction, 12 are currently in the process of selecting P3 contractors, and overall the auditor said that the tangible costs of these P3 projects were almost $8 billion.

The value-for-money audit—as an economist, you would appreciate the fact that even the companies that were doing the audits couldn't verify the numbers. So you can't say that it's a fair value-for-money audit.

We're seeing health care dollars squeezed. The pressure on health care dollars is profound. How frustrating is it for your association, when you understand the full holistic issue of health care, to see this government prioritizing this P3 model over patient care?

**Mr. Kim Jarvi:** We're calling for them to halt any new P3s.

**Ms. Catherine Fife:** Are you calling for a moratorium?

**Mr. Kim Jarvi:** A moratorium on P3s.

**Ms. Catherine Fife:** Excellent.

**Mr. Kim Jarvi:** We've been calling for that for a while. The very problems that the auditor revealed in the 2014 report were well known. It was reported on in 2008, and the CCPA—there's actually a doc that I helped them to do—

**Ms. Catherine Fife:** Kim, how do you justify it? The government has never turned their back on a report like this before. It's unprecedented. And $8 billion? This government needs $8 billion. Health care needs $8 billion. Can you shed some light on it?

**Mr. Kim Jarvi:** Well, we hope that they review their practice. The evidence, I think, is there. The auditor is your friend, so we do welcome the report that confirms what others had said about P3s. It's a way of getting capital expenditures off the books in the short run, but it's very costly because it costs more to borrow the money and they're complex deals that, in the end, don't serve the taxpayer—

**Ms. Catherine Fife:** So it's off the books and the risk is put someplace else, but really, we're still paying for it, right?

**Mr. Kim Jarvi:** And you assume the risk.

**Ms. Catherine Fife:** And we assume the risk. Yes, the risk gets transferred to the individuals.

You say in your report that you would like the government to address the reduction of infrastructure duplication. Can you please expand on that?

**Mr. Tim Lenartowych:** Absolutely. Right now, there is significant duplication that exists between the community care access centres and other areas of the health care system. We feel that primary care is optimally situated to be the anchor of the system and to optimize patient care journeys throughout the system. However, right now we have a community care access model that exceeds almost $200 million annually in administrative costs. Meanwhile, our members are coming forward to us with headlines about community care access centres regularly cutting service, which is very concerning to us. So if we can see a shift of the functions of community care access centres, which are very important, into existing areas of the health care system, we could see a significant amount of savings that can be reinvested into direct—

**Ms. Catherine Fife:** Direct care.

**Mr. Tim Lenartowych:** —service delivery. That's correct.

**Ms. Catherine Fife:** So you've been tracking those numbers, because we've been trying to track those numbers as well, especially around the CCACs, about the growing management and admin lines verses the front-line care.

Anything else that you'd like to add? I think you have a minute—

**The Chair (Ms. Soo Wong):** One minute.

**Ms. Catherine Fife:** One minute?

**Mr. Tim Lenartowych:** Sure. When we're looking at how we can maximize the effectiveness of the system, really, let's look at the role of the registered nurse. We have a workforce that is significant. We're the largest regulated health workforce in the province. Nurses have the knowledge and skill, and they want to be able to do more.

We're urging the government to maintain and implement its promise to expand the role of the registered nurse to include prescribing. This will significantly improve access to care for Ontarians. It will enable same-day access to primary care while also being highly efficient for the system.

**Ms. Catherine Fife:** Okay. Thank you very much for your presentation.

**The Chair (Ms. Soo Wong):** All right. Thank you very much, gentlemen, for your presentation and your written submission.

## ONTARIO COMMUNITY SUPPORT ASSOCIATION

**The Chair (Ms. Soo Wong):** The next group coming before us is the Ontario Community Support Association: Deborah Simon, the chief executive officer. Good afternoon, ladies. It's very appropriate: you've got the RNAO and now you've got the Ontario Community Support Association. Ladies, can you please identify yourselves and your positions—oh, so it's just yourself; okay. I thought both of you were coming up. If you can identify yourself and your position with the association for the purpose of Hansard, you have 10 minutes for your presentation, followed by five minutes of questioning from the government side this round. Welcome.

**Ms. Deborah Simon:** Thank you. My name is Deborah Simon. I'm the CEO of the Ontario Community Support Association. I want to thank you for this opportunity to appear before this committee and to provide the perspective of the Ontario Community Support Association—I'll start using the acronym OCSA—and the not-for-profit home and community sector for the 2015 Ontario budget.

For those of you not as familiar with our organization, allow me to tell you a bit about us. We are the voice of the home and community support sector. Across the province each year, more than a million people receive home care and community support services such as in-home nursing, therapy and personal support, Meals on Wheels, adult/Alzheimer day programs, transportation to medical appointments, respite for family caregivers, supportive housing, and attendant care services for persons with disabilities. These services are important, cost-effective measures that prevent unnecessary hospitalizations, emergency department visits and premature institutionalization.

OCSA is the provincial association for 290 home and community support service providers who deliver services through an estimated 525 locations across the province. We are conscious of the government's health care objectives to efficiently deliver quality health services and help prevent people from getting sick or requiring acute care. These are the objectives of the home and community support sector.

We all realize that with an aging population and chronic diseases becoming more prevalent, providing care the way people want it is becoming more challenging and more expensive. Therefore, we all must be as innovative and efficient as possible. A progressive, modern health care system keeps people healthy and as independent as possible while remaining in their homes and connected to their communities. We know that home and community support works because it offers local, flexible solutions.

Investing in home and community care frees up hospital beds and unclogs emergency departments. It also decreases long-term-care home placements and long-term hospitalizations, both at lower costs to the health care system. Just as importantly, remaining at home as we age is where we want to be.

With higher-acuity clients and more demand for services, there is a need for increased funding for programs as well as the administrative support that it takes to run these programs. Many of our member organizations are slowly starving financially because of inadequate funding for overhead and administration.

People are leaving hospital earlier than ever, creating a huge demand on home and community support services, and are requiring a level of care that is quite high. Investments in the home and community care sector now will reduce overall costs to the system by ensuring people receive the right care at the right time and in the right place, but community support services help maintain people's health and, in many cases, ensure that they do not have to enter the acute care system.

Over the last year, OCSA, through its pilot project the Quality Advantage, has generated momentum for change and has taken significant steps toward building quality improvement capability in the CSS sector. Investments in the sector help drive this change and support system leaders.

We recommend a continuation of the government's planned 5% increases to the community sector. While we applaud the government for its investment in the community care sector over the last number of years and recognize that these increases are not common, we would like to keep that going, and we recognize that other parts of the system such as hospitals are being held at zero.

We ask that how this increase is shared with CSS providers is looked at to ensure a fair proportion of these funds go to CSS providers and not just to CCACs. While CCACs and CSS providers work well together, there needs to be appropriate support and investment in both.

Dedicating 1.5% of the above funding to address the base funding infrastructure shortfall: This funding would be sufficiently flexible to allow agencies to invest in new technological, human resource or physical infrastructure, as well as administrative support for new programs. We ask that 15% be added to the program funding to cover the cost of administering those programs.

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Investment in technology to support the rollout and full implementation of common assessment tools—electronic medical records across all parts of the health care system are rolling out, and the development of a coordinated care tool is needed. We have to have a consistent hardware standard in community support services that will enable the tracking and analyzing of data and client outcomes.

Continued support for the quality advantage project—our goal is to build further quality improvement capability in the CSS sector so it will be ready to meet the requirements of the Excellent Care for All Act but will also embrace and lead the government's transformation agenda of shifting health care from institutions to the community.

The government announced a wage increase for home and community personal support workers in 2014. While the intention of bringing up the wage for some of the lowest-paid and most depended-on workers in the health care system was admirable, there have been many implementation challenges.

While CSS providers are doing the right thing and providing this increase to staff, they are being left to make very difficult decisions on how to bridge the funding gap. Reductions in service and staff layoffs are the reality of the repercussions of this wage enhancement. It is critical that the government move swiftly to address these shortfalls for the current fiscal year and the ongoing years.

We recommend:

—that the government re-establish the PSW wage enhancement implementation table, a stakeholder working group that was originally created to help the implementation challenges for years 2 and 3 of the funding;

—acknowledgment from the ministry that there are PSWs who provide care in the home and community sector who are currently not receiving the wage enhancement due to historical funding anomalies for particular functional centres. For example, two PSWs working in supportive housing units receiving different pay rates—one receives a wage enhancement; the other does not, based on how the program is funded. This is causing a lot of trouble with human resources: retention and recruitment; and

—a further analysis of unmet costs to employers in the implementation of this wage enhancement. We thank the government for addressing the gap in the funding statutory benefit costs but acknowledge there is still more to be funded: travel time, vacation time and sick time are just examples.

With the growing demand for services and the higher acuity of clients, wait-lists for services are growing, and clients have higher acuity care needs. If the transformation of health care that champions the shift from care in institutions to the community is going to work, home and community support providers need to have the infrastructure and the resources to meet that growing demand.

Currently, wait-lists for services are growing across the province, resulting in fewer people receiving care when they need it, or those who are a higher level of support not receiving it.

While many equate the home and community support sector with services for seniors, it's important to acknowledge that many OCSA members also provide services for people with disabilities. These attendant services make a critical difference in supporting families in keeping members with disabilities at home or in supportive housing. That being said, there is a need for expanded attendant outreach services regardless of the client's age. Wait-lists for this service are growing, and since people are on service for a long period of time, there is not a lot of turnover on the wait-lists.

Attendant outreach services is a perfect example of how community support services help with health promotion and independence with the majority of these clients not having to use the acute care system or emergency departments.

We recommend providing specific resources to address wait-lists and projected future demand for attendant outreach services, regardless of client age, and a continuation of the government's planned 5% increase to the community sector to help address these wait-lists.

The not-for-profit sector will see a major change in leadership over the next decade, which will increase the need for individual, organizational and community leadership capacity. Consideration should be given to the creation of a sustainable community development model, which would help recruit, train and support interconnected regional leadership teams in underserved areas, establish cross-sectoral networks that build the capacity of community not-for-profit organizations and foster the growth of new leadership in community health.

Additionally, volunteers across Canada contribute 2.1 billion hours annually, the equivalent of 1.1 million full-time jobs. A targeted investment to ensure the community support sector can continue to have volunteers support the health care system will be important for the sustainability of community support services.

We recommend the creation of leadership development provided through courses, workshops and coaching—

**The Chair (Ms. Soo Wong):** Ms. Simon, can you wrap up your presentation, please?

**Ms. Deborah Simon:** Yes, absolutely.

In summary, the thesis of supporting new funds in the sector remains true, and is particularly relevant in the context of our budget recommendations. Investing in home and community services now will save the provincial government money and will improve the health of Ontarians. Our clients know how important community care services are to maintaining their independence and quality of life, and they want greater access to these services.

Thank you for the opportunity to provide feedback on the budget. I'd be pleased to clarify any issues or respond to any questions.

**The Chair (Ms. Soo Wong):** Thank you, Ms. Simon. This round of questioning will begin with Mrs. Martins.

**Mrs. Cristina Martins:** Thank you, Madam Chair, and thank you, Ms. Simon, for being here today and presenting your request. I wanted to start off by thanking you, as well, in terms of representing your association and being here today. I know you're an association that provides a lot of support to the various organizations around our province that in turn provide a multitude of services to people in the community, so I wanted to thank you for that.

We heard from you and from previous presenters here this afternoon about the importance of keeping our patients at home, keeping people at home to receive various services. I know, as somebody who represents a riding—the riding of Davenport—which has a large senior population, an aging population and various ethnic groups in which long-term care is not necessarily an option or a solution, that having the patient at home longer, receiving that type of care, being in the community and having that family around is very important, so I wanted to thank you for that.

You correctly stated that one of the commitments from our government in our budget was to in fact increase the personal support worker wage to $14 an hour, which is what we did. We're very proud of that, and I know that we have provided continuous funding and have increased our funding over the years to your association. I just wanted to know what kind of impact that increase of funding has had on the community care service providers that you also service.

**Ms. Deborah Simon:** I had an opportunity to tell you a little bit about the Quality Advantage. This is funding that we receive to increase the capability and capacity of the community support sector to be able to do quality improvement processes within their organizations. It has been absolutely amazing to see not only just the inspiring growth of some of these organizations—and it's not all about size; some of these are very small organizations—but also to show and to demonstrate that this sector is fully capable of helping the transformation and supporting the care transition from acute care out into the community. We can demonstrate that through quality processes and evidence-based processes.

This money has been instrumental, and we're coming back for more. We have asked for a very small increase, to be able to bridge a sustainability plan from now until perhaps a time when it can be moved over to Health Quality Ontario. It has been phenomenal.

**Mrs. Cristina Martins:** Excellent. And I know that we've continued to invest in the sector, and there have been commitments from the Ministry of Health. Over time, how can we leverage Ontario's existing investments to continue to support the home and community care sector?

**Ms. Deborah Simon:** I think that's a wonderful question. We've been very appreciative. The OCSA has been housing the PSW registry in Ontario, funded through the ministry, and we have over 30,000 registered personal support workers in that registry. We are in a renewal process right now—so continued support for that registry. The health force in Ontario of personal support workers is estimated at about 100,000. It's a significantly large workforce that will have an absolute impact on the ability for us to transition care out of acute care and into the community, so we really applaud that support and want to see continued funding in that area.

**Mrs. Cristina Martins:** I don't have any other questions. I just wanted to thank you once again for being here and sharing your experience.

**Ms. Deborah Simon:** Thank you so much. I appreciate that.

**The Chair (Ms. Soo Wong):** Thank you very much, Ms. Simon, for your presentation and your written submission.

## CANADIAN MANUFACTURERS AND EXPORTERS

**The Chair (Ms. Soo Wong):** The next group coming before us is Canadian Manufacturers and Exporters. I believe Mr. Howcroft and his colleagues are coming up. Good afternoon, sir.

**Mr. Ian Howcroft:** Good afternoon.

**The Chair (Ms. Soo Wong):** As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the official opposition party. You may begin any time. Please identify yourselves and your positions for the purposes of Hansard. Thank you.

**1440**

**Mr. Ian Howcroft:** Thank you very much and good afternoon, everyone. My name is Ian Howcroft and I am vice-president of the Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, Ontario division director of policy.

Canadian Manufacturers and Exporters is the country's leading trade and industry association, the voice of manufacturing and global business across the country. We represent approximately 10,000 leading companies, of which more than 85% are small and medium-sized enterprises. Our network accounts for about 82% of the province's total manufacturing production output and is responsible for about 90% of the province's and the country's exports.

Manufacturing adds more total value to the Ontario economy than it does in any other province. Every dollar of manufacturing output generates billions of dollars in indirect impacts elsewhere in the province. No other sector generates as much secondary economic activity.

Our manufacturing sector has underperformed the national average since the early 2000s. However, there are emerging signs of a recovery, which means an excellent opportunity for our manufacturers. We have made strong gains in the first half of 2014, and monthly sales have finally surpassed the pre-recession peak. The manufacturing and exporting sector continues to be the province's largest business sector, with approximately $275 billion in annual shipments, and is responsible for about 800,000 direct jobs. Most of these jobs are highly skilled and highly paid, far higher than the national or provincial average.

Another 1.2 million individuals are indirectly employed and dependent on manufacturing. Every dollar invested in manufacturing generates about $4 in total economic activity, which is the highest multiplier of any major sector. Manufacturing and exporting is on the cutting edge of Ontario innovation. Our sector accounts for 54% of all private sector R&D and about 80% of all products that are commercialized in Ontario.

Manufacturers and exporters are generally optimistic about the future. However, there are a number of key challenges that persist which are threatening this favourable outlook. CME's recently released management issues survey highlighted a number of pressing challenges that are constraining growth. These cover things such as skills, regulatory barriers, and the cost and reliability of electricity.

Ontario has made progress in improving the tax environment for manufacturing investment, including the reductions to corporate tax rates, accelerated appreciation for M&P equipment, the elimination of the capital tax, and the introduction of a harmonized sales tax. With respect to corporate tax rates, Ontario is now on par with the OECD average at 25% combined, federal and provincial. However, these positive measures have been offset by other factors that are contributing to Ontario manufacturers' lagging growth when compared to other parts of the country.

Meanwhile, the recent drop in the value of the Canadian dollar is likely to provide a boost to our exports in the near term. Given the recent volatility, it will be critical for manufacturers to remain vigilant on containing costs, improving productivity and working to continuously improve innovation. While a low dollar will benefit exports, it will also make the purchase of new equipment more expensive and more challenging, since most is priced in US dollars.

The harsh lesson from the previous low-dollar environment in the 1990s and early 2000s is that many companies underinvested in equipment, and it made those companies less competitive. Many companies went out of business or had to move operations to the United States as a result. Sustained investments in productive assets, innovation and the necessary training will be the key to success in the future for manufacturing.

Government can and must play an important role in supporting manufacturing throughout the low-dollar period by maintaining and enhancing the competitive tax environment—our first message is no new taxes, no new tax increases—and developing a manufacturing strategy for the province. We think the budget is an excellent opportunity to celebrate manufacturing. We have a great campaign in Good Things Grow in Ontario. We want to celebrate good things made in Ontario.

We'll focus, in our pre-budget submission, on business supports and incentives, the electricity rate and competitiveness, and the cumulative impact of economic legislation and regulation. I'll ask Paul to talk a bit about the specifics.

**Mr. Paul Clipsham:** Thanks, Ian. While many of the details have yet to emerge, CME is encouraged by the scope of the Jobs and Prosperity Fund, particularly support for building innovation capacity, improving productivity and increasing access to global markets. It will be critical for this fund to be administered in a way that is streamlined and provides maximum incentive to businesses to generate optimum results in each of these important categories.

However, we feel the threshold of $10 million for eligible projects misses the vast majority of small and medium-sized enterprises. CME recommends re-capitalizing the CME Smart Program with a focus on smaller innovation and productivity-type projects.

It's critical that the definition the government uses to define research and development include both new product innovation and process innovation. The latter is as important, if not more important, in terms of the impact on our quality of life and standard of living. Furthermore, the adoption and integration of new innovative technologies should be included in the definition.

The Jobs and Prosperity Fund should also consider grants for plant expansion and new construction.

CME strongly supports the Canada-Ontario Job Grant, which provides up to 35% of training costs, to a maximum of $10,000, across a range of job classifications. We would encourage the government to work with employer groups to build awareness and streamline the approvals for this important program.

In CME's 2014 Management Issues Survey, 56% of employers reported experiencing immediate skills shortages across all areas of their business. Most prevalent were engineering and technical skills as well as leadership and management skills. Given the magnitude of the skills shortage issue, a multi-faceted strategy will be needed to be employed, including highlighting the career opportunities associated with manufacturing; training consortia; maximizing immigration opportunities; and working with the education system to better orient to the needs of employers.

In order to generate cash flow for companies that are not currently profitable in the current business environment or those that are looking to make significant new investments, the budget should make all new and existing tax credits refundable, effective January 1 of this year. During a low-dollar environment, when companies need to invest, they require immediate cash support. If they are in a loss position, they often cannot immediately benefit from the current tax credit environment. Making tax credits refundable will provide more effective stimulus for companies to sustain their investments.

CME further recommends that the Ontario government continue to match the federal government's initiatives to encourage manufacturing and processing equipment. CME is calling for both the federal and provincial governments to make the accelerated depreciation on manufacturing and processing equipment a permanent fixture of the tax regime.

Inequities in the property tax system continue to be widespread in Ontario, with industrial ratepayers bearing a disproportionate amount. A recent study found that on average, manufacturing industrial rate classes are 30% to 35% higher than commercial rates.

CME recommends that manufacturing rates be brought down to commercial wherever such disparities exist. CME further recommends that MPAC assessments consider comparable properties outside of North America, particularly when considering very large or unique manufacturing properties.

Competitive electricity rates are fundamental to the success of Ontario's manufacturing sector and our economy. Despite progressive reforms, including the demand-based allocation of the global adjustment for large users, Ontario has among the highest electricity rates in North America. This issue is compounded by the fact that US states are offering significant incentive rates to attract and retain manufacturing investment south of the border.

We also have a near-term issue of surplus power during the spring and fall. To deal with the surplus, Ontario is selling power at steeply reduced prices to neighbouring and competing jurisdictions. This surplus capacity challenge, and the bigger challenge of funding ongoing upgrades to the infrastructure, would be further exacerbated by erosion in demand from manufacturers. While Ontario has put in place the Industrial Electricity Incentive Program, which is a very good program, to deal with the issue, it should be further expanded to the broader manufacturing base. Rates during surplus periods should be offered to all Ontario manufacturers at lower rates, to spur economic growth and improve system optimization. CME is recommending a manufacturing action plan that includes an industrial rate as a fundamental component of that.

Energy is also a significant economic opportunity for Ontario manufacturers as suppliers for energy projects. We have to find better ways to engage Ontario manufacturers in the energy supply chain, to ensure the broad economic benefits of those investments to Ontario.

CME has been supportive of the government's Open for Business initiative, which is working to improve the regulatory environment for business operating in Ontario.

CME continues to encourage the government to focus on the impact that regulation has on business and to address areas that are particularly onerous to business—

**The Chair (Ms. Soo Wong):** Mr. Clipsham, can you wrap up your presentation, please? Thank you.

**1450**

**Mr. Paul Clipsham:** Yes, I can. Thank you.

While Ontario is committed to applying economic impact testing, we would like to see that accelerated and advanced. We recommend adopting an authentic consultation approach when it comes to regulations at the policy stage, which we think will avoid a lot of unintended consequences and lead to better outcomes.

The last couple of points I just want to make are around the Ontario Retirement Pension Plan—

**The Chair (Ms. Soo Wong):** I'm going to stop you there, because time is of essence, today. We have a full group of presenters.

**Mr. Paul Clipsham:** Thank you for your time.

**The Chair (Ms. Soo Wong):** This round of questions—Mr. Fedeli, would you like to begin?

**Mr. Victor Fedeli:** Welcome, gentlemen. It's great to see you all again. Not much has changed since we were together in Niagara just a short while ago when you made a similar presentation to the large group that gathered—

**Mr. Ian Howcroft:** At the economic summit.

**Mr. Victor Fedeli:** —at the economic summit. You really talked a lot more about energy, energy, energy. Today you mention skills issues, red tape or regulatory impediments and energy supply as some issues. You also talk about the pension tax and the carbon tax. Can you take a moment and just talk about what you call the negative consequences to the economy? Can you take a moment and talk about the pension tax and the carbon tax?

**Mr. Ian Howcroft:** We're working on a position on the carbon tax right now. Our concern is that we don't go out on our own. We have to be cognizant of what our competing jurisdictions are doing.

We have more details with regard to the Ontario Retirement Pension Plan. We support the goals of what's trying to be achieved; however, it is another burden and it is another cost that employers and employees, those who can least afford to pay it, will now have to incur. We recognize that the government has made a commitment to go forward, but I think there are a lot of details that have to be worked out. There are comparable pension plans out there that we think should exempt employers, our members, from having to pay another 1.9%.

There are some excellent defined contribution plans out there that so far seem to be excluded when you look at the discussion paper that was recently released in December. So we're working with the Associate Minister of Finance and the Ministry of Finance to try to have them look at what should be considered as a comparable pension plan, because right now we're very concerned that these added costs will make us less competitive in very challenging times.

There's a great opportunity right now to take advantage of the growth in the United States, so we need to have all of our efforts on making sure that we can leverage that and take advantage of that. We're concerned that things like high electricity rates and the new costs associated with the new pension will take us further away from being able to leverage full opportunity and advantage for the province.

**Mr. Victor Fedeli:** You seem to feel the same way about carbon pricing. In your document it says, "Failure to act in parallel on a North American basis would put Ontario manufacturers at a significant competitive disadvantage." Of course, what you're suggesting is that if the States doesn't do it and we do, our costs will be higher and we lose our competitiveness.

We were all in Fort Erie earlier this week. On the drive back, between Fort Erie and Niagara, you see so many closed businesses—I'll tie that in to a breakfast I was at just this morning where we were talking and somebody said, "Vic, manufacturing in Ontario is dead." How do you answer when somebody says, "Oh, no, no. It's China. It's Mexico. Manufacturing? We'll never manufacture in Ontario again"?

**Mr. Ian Howcroft:** We agree there's a real image issue with manufacturing, but it's certainly not dead. We're trying to do all we can to portray a more accurate and updated image of manufacturing.

Again, some of the statistics I alluded to earlier: $275 billion in output for the province; half a trillion dollars for the country. It's still the largest sector in the economy. What we want to see is investment and an Ontario strategy around that to help grow that and move us forward into an economy that's celebrating our successes, celebrating advanced manufacturing and advanced technology so that we can continue to be the leading sector. We can't take that for granted.

There have been a lot of plant closures, which are unfortunate. What we want to do is leverage our strengths and work to have a skilled workforce that allows us to grow manufacturing as we go forward. We need to do this through collaboration, cooperation and partnership with government and other organizations and institutions. We're pretty confident that we can, and our management issues survey was very indicative that our members are very optimistic about the future. However, there are a lot of challenges that have to be dealt with.

**Mr. Victor Fedeli:** When the Auditor General in December told us that we've paid Quebec and the United States $2.6 billion to take our surplus energy that we make at night, I think that was quite a wake-up call to a lot of people—certainly not to Xstrata Copper in Timmins, who, when they had a knock on their door from Quebec hydro—remember, we paid Quebec to take that power. They knocked on Xstrata's door to lure them across the border into Quebec, 115 kilometres, and Xstrata ended up moving to Quebec for cheap power that we paid them to take. They fired 672 people in Ontario.

Is this anecdotal or is this happening right across Ontario?

**Mr. Ian Howcroft:** We hear a lot about the electricity issue in Ontario. We have a lot of round tables that we hold, so it is anecdotal, but we're getting more and more data on this. It's one of the top issues that we hear about. The skills issue is number one, but one of the ones that is challenging the most right now is the high price of electricity. There's frustration. We have to find a way to deal with that to ensure that manufacturers continue to operate competitively and that they be assured of competitively priced electricity. We recognize that the government has taken some actions to address this, but I think there's still a lot more that has to be done, particularly for medium- and small-sized enterprises.

**The Chair (Ms. Soo Wong):** Thank you, Mr. Howcroft, for your presentation and for your submission.

**Mr. Ian Howcroft:** Thank you very much. We appreciate the opportunity.

## ONTARIO COALITION FOR BETTER CHILD CARE

**The Chair (Ms. Soo Wong):** The next group coming before us is the Ontario Coalition for Better Child Care. Welcome. I'm not sure—there's Sheila Olan—

**Ms. Carolyn Ferns:** Hi. It's Carolyn Ferns.

**The Chair (Ms. Soo Wong):** Okay, Carolyn Ferns, thank you very much. As you heard earlier, you have 10 minutes for your presentation followed by five minutes of questioning. This round of questioning will be from Ms. Fife from the third party. You may begin any time. Please identify yourself and your position with the Ontario Coalition for Better Child Care.

**Ms. Carolyn Ferns:** Thank you for having me today. My name is Carolyn Ferns, and I'm the public policy coordinator for the Ontario Coalition for Better Child Care.

We are Ontario's advocacy group for a universal, affordable, high-quality, public and non-profit system of early childhood education and care. Formed in 1981, the OCBCC is a member organization comprised of child care centres, national and provincial groups, and individuals from all across Ontario. Our members are child care workers and parents, centre directors, trade unionists and, most importantly, citizens who care about child care.

Why invest in child care? Two areas of the government's four-point economic plan and the finance minister's appointed themes for the pre-budget consultation stand out as reasons to invest in child care: investing in people's talents and skills, and building modern infrastructure.

There is no better way to invest in Ontario and in Ontarians than investing in child care. Child care is also a key part of Ontario's social infrastructure supporting the parent workforce. Studies show that child care centres create ripple effects in local economies. Research in Manitoba found that every $1 spent on child care generated $1.58 worth of local economic activity. Meanwhile, research on Quebec's affordable child care program by economist Pierre Fortin concluded that the Quebec program contributes more in increased government revenues than the program costs, providing an estimated annual net gain of over $200 million to the provincial government.

Funding child care makes economic sense. They are some of the best dollars that government can spend. However, in Ontario today we are living with the results of chronic underinvestment in child care.

The Ontario government has pledged to modernize child care, aiming to "transform child care in Ontario to better reflect the realities of our modern world." The Ontario Coalition for Better Child Care appreciates this goal but questions whether child care has been provided with adequate funds and, indeed, adequate policy support to make this transformation a reality.

There are regulated child care spaces for only 20% of Ontario children zero to five years. If you include school-aged children, a particularly underserved group, that number drops further, to spaces for only 15% of Ontario children.

Three years into the government's modernization process, we have seen new legislation developed that closes loopholes in licensing and beefs up inspection. And yet, without adequate funding, it remains an unanswered question how enforcement of the new measures in this legislation will be achieved. Stabilization funding, provided over four years, has proven too limited to adequately address the impacts of full-day kindergarten on the child care sector.

This chronic underfunding is having a devastating impact on child care programs across the province. A few examples: We have continued to see closures of high-quality child care centres including, most recently, Tupper Tots and St. Elias Child Care centres in Ottawa; Coronation Park in Lambton, which served the community for 42 years; Lambton College child care centre, which served the community for over 40 years; and the continued threat of closure to Scotia Plaza, a George Brown lab school here in Toronto.

**1500**

In fact, we have seen an epidemic of closures of college child care programs, with more than a dozen Ontario colleges closing child care programs across the province in recent years. This fails families, children, and early childhood education students who rely on those lab schools for high-quality placement experiences.

We have also seen a shrinking of public child care spaces. Public child care spaces, research shows, are some of our highest-quality settings, and they are disappearing. Municipally operated child care has shrunk from 18,143 spaces, or 11% of total centre spaces, in 1998 to a little over 7,000 spaces, or 2.6% of total centre spaces, in 2012.

In short, child care in this province is nowhere near stable as we continue to struggle with chronic underfunding.

This underfunding has another consequence: sky-high parent fees. Parent fees in Ontario are some of the highest in the country. According to a recent study of child care fees, Brampton, Toronto, Windsor and London make up four of the five least affordable cities for child care in Canada. In these cities and across Ontario, child care fees are a second mortgage for families.

Meanwhile, many local municipalities continue to struggle with the new funding formula. While we appreciate attempts by the Ministry of Education to rationalize the funding going to each municipality, the reality is that no municipality can afford to face cuts to their child care funding. Yet Algoma, Dufferin, Lennox and Addington, Northumberland, Parry Sound and Timiskaming all face reductions in their allocations this year, with 12 more slated for cuts once the stabilization funding runs out.

Recognizing the severe underfunding of Ontario child care, we call on the Ontario government to commit new child care money: an immediate $300-million fund, annualized, to address these immediate crises. In addition, to begin to address the shortfall of child care spaces, we recommend $100 million to increase spaces across the province.

Ontario can do better. In fact, we have the opportunity to be leaders in early childhood education and care. We know that this government has committed to modernizing child care, but now is the time to show the political will and the funding dollars to make that commitment a reality.

We know that child care is high on the national agenda as well. On November 18, the Ontario government and the NDP caucus supported an opposition day motion by NDP leader Andrea Horwath that "this province should partner with the federal government to ensure that every parent in Ontario has access to child care at a cost of no more than $15 per day." We strongly support this commitment to work toward a national child care strategy, but we push Ontario to go further, to show leadership, and to take action now.

As Martha Friendly and I wrote in an article for the Toronto Star, "With child care finally back on the national agenda, there's no time like the present for the Ontario government to regain its leadership to move toward a real system of quality child care."

Ontario would gain countless benefits from a comprehensive system based on the principles of universal entitlement, high quality and comprehensiveness. But achieving this will require not only a commitment to modernization but also a well-designed policy framework with long-term goals, targets and timetables, political will and ongoing, sustained funding. Now is the time to start that work.

Thank you very much for your time.

**The Chair (Ms. Soo Wong):** Thank you very much for the presentation.

Ms. Fife, do you want to begin the questioning?

**Ms. Catherine Fife:** Thank you very much for coming and sharing the voices of parents and of early childhood educators here at Queen's Park.

Right next door, the Minister of Education is announcing that one in five schools is slated to be closed in Toronto. It's a huge opportunity to actually embed child care in communities. If they can't be schools, what better way to focus on children and the overall health of the community?

Yet the 20% of children who are unregulated—that number has been in place for over a decade, from when I first started with the coalition. It's like Groundhog Day.

**Ms. Carolyn Ferns:** Yes.

**Ms. Catherine Fife:** But when we raise this issue in the House, the Premier will often come back at us and say, "Well, you have full-day kindergarten." What do you say to that? What is your response to that?

**Ms. Carolyn Ferns:** Full-day kindergarten is, of course, wonderful. Unfortunately, it didn't go as far as the Pascal vision of full-day, seamless early learning. It also only addresses the needs of four- and five-year-olds, when we also have zero-, one-, two- and three-year-olds—and school-aged child care, which there still is not enough of.

I think it's a good point that you raised about the closing of schools because of course some of that space could very well go to creating child care, but one problem is that there's no public planning of child care, in a sense. It just kind of crops up; it's just a market. So if you really wanted to take that on and if the government wanted to really make a change in child care, it would be about really changing it into a real, comprehensive system.

**Ms. Catherine Fife:** Yes. The economic case for investing in early learning and care is so well documented. If there was ever a time actually for the government to say, "You know what? This is the time to stabilize the most vulnerable workers"—which you know and the research shows that women are particularly supported through quality care, as are children, of course.

You raise a really good point about the enforcement. You know that some legislation did pass. Four young children died last year in unlicensed child care. It's a tragedy. It's Canada, you know? This should not be happening. But the enforcement piece is the key part; you could have the best legislation and you could even have very good intentions. Can you speak to the reality on the ground of protecting children in those home care settings?

**Ms. Carolyn Ferns:** Yes, I can. I spoke to the social policy committee when Bill 10 was before the committee. We of course supported the bill but raised this very question at the time: that we needed to know that this dedicated enforcement unit had the necessary support to be able to do that work and that there would be enough inspectors across the province. I think that's all very important. We do question whether they will be able to do their work.

In a larger sense, I think that creating high-quality child care spaces is really the way to get to that problem—

**Ms. Catherine Fife:** Absolutely, yes.

**Ms. Carolyn Ferns:** —because the continued reliance on unregulated care—the flip side of that is to create a real child care system.

**Ms. Catherine Fife:** Yes.

**Ms. Carolyn Ferns:** So that's definitely the way, we would say. If you really wanted to address the problem, that's where you should look.

**Ms. Catherine Fife:** Yes, instead of creating legislation and a weak sort of enforcement, build it right the first time and ensure that children are safe, right?

**Ms. Carolyn Ferns:** Yes.

**Ms. Catherine Fife:** And then, also, the economic value for dollars is obviously there.

It is really unfortunate that the FDK program unrolled the way that it did, because if they had followed Charles Pascal's original plan, we would have probably 20,000 new child care spaces located in schools, which would free up funding for zero to 3.8. We're going to have to revisit this idea because we need to make use of the current infrastructure that exists, like one in five schools in the city of Toronto.

So I just want to thank you for bringing your perspective to the table. Of course, we're going to continue to fight for quality, affordable and accessible child care. Thank you.

**Ms. Carolyn Ferns:** Thank you very much.

**The Chair (Ms. Soo Wong):** Thank you, Ms. Ferns. If there's any written submission you can submit it to the Clerk by 5 o'clock tomorrow afternoon.

**Ms. Carolyn Ferns:** Okay. Thank you.

## ONTARIO SOCIETY OF PROFESSIONAL ENGINEERS

**The Chair (Ms. Soo Wong):** The next presenter is the Ontario Society of Professional Engineers. I believe Mr. Perruzza is here. Good afternoon. Welcome. As you heard, you have 10 minutes for the presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin any time. Please identify yourself and your position with the Ontario Society of Professional Engineers for the purpose of the Hansard. Thank you.

**Mr. Sandro Perruzza:** My name is Sandro Perruzza. I'm the chief executive officer of the Ontario Society of Professional Engineers. I also want to acknowledge Dr. Lee Weissling, our manager of policy and government relations, and Mr. Glen Watson, our policy adviser, who were instrumental in the development of the submission.

The Ontario Society of Professional Engineers is a member-interest advocacy organization. We are the voice of over 225,000 Ontario engineers, supporting, representing and advancing their interests and promoting engineering excellence for the benefit of the public. We represent engineers who work in several of the most strategic sectors of Ontario's economy.

OSPE appreciates the invitation to participate in this year's standing committee. Engineers, and the work OSPE does, play a central role in virtually every aspect of modern life, from the phones we communicate with to the highways and roadways that we travel on, to the buildings that we work and live in. OSPE believes that we should have a voice at the table that reflects that central role. Our submission reflects the profession's broad importance to the economic well-being of this province.

At a glance, key points from our submission include speaking points on infrastructure, environment and climate change, energy, labour market, advanced manufacturing and the Ring of Fire.

**1510**

OSPE is an active member of the Construction and Design Alliance of Ontario. As such, OSPE supports the continuation of over $130 billion in investment to support roads, bridges, transportation, transit, health centres, educational institutes and all aspects of infrastructure, as was mentioned in last year's budget. However, due to the effects of climate change, the government must ensure that we design and build resilient infrastructure. This is where Ontario's engineers can provide value.

We applaud the Ontario government's message to the federal government that 5% of GDP is necessary for the infrastructure investment to achieve optimum growth in jobs and the economy. The Conference Board of Canada found that each dollar of real public infrastructure growth returns 11% into the GDP. That is a good investment, and it creates the infrastructure that Ontario and the rest of Canada sorely need.

This intersection of climate change and public infrastructure represents a critical issue that cannot be ignored by policy-makers. Doing so will result in increased patterns of flooding in residential areas due to the antiquated stormwater infrastructure that cost Ontario taxpayers billions of dollars in the past year.

OSPE believes that prioritizing economic growth and addressing climate change are not mutually exclusive options. We strongly recommend that the government take decisive action to bring to reality the climate change vulnerability assessments. This was a central component of the Ontario government's 2011 report Climate Ready: Ontario's Adaptation Strategy and Action Plan.

Without question, building a green economy and investing in clean technology will make up a significant part of any economic initiatives. Jurisdictions that have invested in this industry have experienced growth of nearly 22% in the past year.

On energy, the provincial government should strive to achieve a reduction in per-kilowatt-hour costs by increasing system capacity utilization. OSPE proposes a four-pronged approach to effectively manage energy pricing:

(1) Use pricing to better incent demand/load shifting.

(2) Rethink the global adjustment pricing strategy.

(3) Continue to eliminate the feed-in-tariff.

(4) Invest in increased capacity in Ontario's nuclear production, rather than importing large amounts of energy from Hydro-Québec.

Underemployment is one of the most important issues facing the Ontario government. Our own labour market study, which was released last week, found that only 30% of employed individuals in Ontario who held a bachelor's degree in engineering were working as engineers. Even more astonishing, 33% of engineering graduates are working in jobs that don't necessarily require a university degree. Only just over 20% of women and internationally trained engineers with engineering degrees actually work as engineers. This is totally unacceptable and a waste of talent. OSPE advocates that government and industry provide more incentives for co-op positions, bridging programs and on-the-job training, as just a few examples of opportunities that exist to improve employment. We are also advocating to the federal government for the return of the long-form census to alleviate a lack of data in this area. We encourage the government of Ontario to lend its voice on this issue.

The 2015 budget needs to capitalize on the recent momentum to reinvigorate the advanced manufacturing sector. Research and innovation go hand in hand with this reinvigoration. As a result, programs and incentives should recognize the partnership opportunities that exist. Ontario should be developing programs that both incent Canadian firms to reshore in Ontario and attract foreign companies to establish high-tech operations in Ontario.

The government should be highlighting the following competitive advantages that Ontario has to offer the world:

—a well-educated, skilled and motivated workforce;

—a diverse population base;

—access to natural resources such as water, power and mineral wealth; and

—the advantages of a First World economy, such as an excellent social welfare system; safety, stability and security of the population; and ease of access to a multi-modal transportation system for both goods and people.

OSPE is also a contributing member of the Ontario Chamber of Commerce. Their analysis, through our experts in this area, estimates the Ring of Fire will contribute up to $30 billion to the Ontario economy and, in its first 10 years, generate up to $9.4 billion in GDP and sustain up to 5,500 jobs annually, jobs that Ontario needs in the north.

Engineers should play a central role in the successful development of these complex projects of this magnitude. OSPE is well positioned to be the go-to organization for trusted, technical and independent advice, especially in the area of development and early stages of this project.

In closing, with the low Canadian dollar, the low cost of oil, the highly educated, skilled and motivated workforce, capacity in our energy system, the multi-modal transportation system and abundant access to natural resources, Ontario is well-poised to once again lead the economic engine of this country.

Ontario needs engineers, engineers who can design and build resilient infrastructure, create new innovative technologies that will drive advanced manufacturing and reduce harmful carbon emissions. They will fix our electrical grid and will play a central role in the successful development of the complex Ring of Fire projects.

The government of Ontario and industry need to be engaging the engineering community in order to build a resilient, clean Ontario, create sustainable jobs and allow Ontario to compete on a global stage where it belongs. Thank you for your consideration.

**The Chair (Ms. Soo Wong):** Thank you very much for your presentation. Mr. Milczyn, can you begin the questioning?

**Mr. Peter Z. Milczyn:** Thank you, Madam Chair. Nice to see you again, Mr. Perruzza. Thank you very much for your presentation. I think everyone would agree that a modern society and modern economy cannot function without a lot of highly trained engineers designing, building and maintaining all the systems we rely on.

I just wanted to highlight a couple of the issues that you raised. One is that you acknowledged this government's commitment to $130 billion in spending on infrastructure over the next decade, which is the highest level of infrastructure spending in several generations in this province, I believe. So that will require a great deal of engineering expertise to be applied to design virtually everything, I assume.

**Mr. Sandro Perruzza:** Yes. The advantage there that we believe Ontario engineers provide is that you need not only infrastructure but resilient infrastructure, one that can withstand the severe weather patterns that global change is having on our existing infrastructure. So Ontario engineers understand the severe weather patterns and the severe temperature drops and changes in the Ontario climate. So we strongly endorse that local knowledge content in all engineering projects.

**Mr. Peter Z. Milczyn:** I'd like you to confirm this for me, because this is something that I believe, but I just want to be certain: We do, in Ontario, possess particular expertise in mining and electrical generation distribution and supply. It's one of the areas of expertise for engineers in this province, I believe.

**Mr. Sandro Perruzza:** That is correct. Ontario schools produce some of the smartest and most intelligent engineers out there. They are drawn out of this province into other states and other countries because of that expertise. So we want to provide the economic conditions so that they can stay and contribute here in Ontario.

**Mr. Peter Z. Milczyn:** One of the things in your presentation that I found curious was this underemployment among engineers and engineering graduates. Is there a disconnect between the training they receive at universities and the market demands for particular types of engineering expertise?

**Mr. Sandro Perruzza:** Yes. We've actually done some comprehensive studies over the last couple of years on this. We don't believe that there is an engineering shortage in Ontario and in Canada. As I mentioned, there are 225,000 engineering graduates just in Ontario alone. What we feel is that there is a disconnect between industries, what they're looking for, and what currently exists in Ontario.

About 10 years ago, when the recession first hit, a lot of middle-manager engineers were let go. So now what's happening is you fast-forward a few years and those who are at the senior level are ready to retire. Industry hasn't been promoting from within and doing that internal development. So now, as these people are ready to retire, you have that gap in the middle where these middle managers were let go. Now they're looking for that skill gap—engineers with 10 or 15 years of senior management experience—and they don't exist, because they were let go in 1998, and now there's no one coming in to fill that position.

I know the federal government looked at opening the borders and allowing internationally trained engineers into the country. The problem is that they lack the technical skills—primarily two things. What we found through discussions with employers, looking at internationally trained engineers, is language. Engineering is highly technical, so having a good understanding of the English language isn't good enough; they have to have a very high component of English comprehension.

**1520**

The second thing is that the cultural management programs here in Ontario are different than what you would have in other parts of the world. Here, we have a more collaborative approach. In other parts of the world, they have a more hierarchical management system. So again, there's that cultural mis-fit.

We strongly endorse that Canada and Ontario invest in organizations that allow that internal development to happen.

**Mr. Peter Z. Milczyn:** So it's not a disconnect in our engineering schools; it's in the mid-career portion of—

**Mr. Sandro Perruzza:** Exactly.

**The Chair (Ms. Soo Wong):** Mr. Perruzza, I see Mr. Baker has some questions for you in the last two minutes.

**Mr. Sandro Perruzza:** Certainly.

**Mr. Yvan Baker:** Mr. Perruzza, if I could, I just wanted to piggyback a little bit on MPP Milczyn's questioning around the issue of underemployment that you raised. I know that you've done a comprehensive study and you've had some recommendations. I was wondering if you could tell me a little bit more: What specifically can we do—what can universities do to help address this issue?

**Mr. Sandro Perruzza:** We actually have been having conversations and continue to have conversations—universities, government and industry have talked about this. We believe the best way to connect that—because industry has this misperception of a skills gap. You hear it all the time. Earlier, Ian talked about a skills gap. We don't think that a skills gap exists. I think what happens is a miscommunication in discussion around the skills that are needed and the skills that university and college students can provide.

We want to create innovation hubs between industry and higher levels of education—universities and colleges. One currently exists in the aerospace industry that's working really well. What it's doing is creating that dialogue between industry and universities to talk about where the industry wants to go. They want to work with universities to develop the research that can be put into practice and creates that dialogue between industry and universities so the students can understand where industry is going, and then they can focus their higher levels of learning in those specific technologies.

It also creates opportunities for Ontario to create the technologies that can be sold around the world and create those economic benefits for all the taxpayers.

**The Chair (Ms. Soo Wong):** Mr. Perruzza, thank you very much for your presentation and your written submission.

## COALITION OF ONTARIO MANUFACTURERS FOR COMPETITIVE INDUSTRIAL POWER RATES

**The Chair (Ms. Soo Wong):** The next group before us is the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates. I heard from the Clerk that they have submitted to us. Do you remember the package I mentioned earlier? There's a big package on your desks. Go through that, because somewhere there is your presentation, folks.

Gentlemen, welcome. I don't know who's who. Let me just make sure you understand that you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions is from the official opposition party. When you begin speaking, please identify yourselves and the organization you represent, for the purposes of Hansard. Thank you.

**Mr. Steve Morrissey:** Thank you, Madam Chair, and thank you, members of the committee, for taking the time to see us today. I know the day is growing long, so we'll try to be short. Fortunately, we're here to talk about one issue, so hopefully that will get the job done.

My name is Steve Morrissey. I'm the executive vice-president of the Cement Association of Canada and the co-chair of the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates. I'm pleased to be joined today by Ted Cowan, to my immediate right, of the Ontario Federation of Agriculture; and to my far right, Brad Robertson, the corporate EBS manager at ESCO, a manufacturer of highly engineered products used in mining, infrastructure development, and oil and gas.

We represent industries that collectively employ over a million women and men in Ontario—over 160,000 on farms alone, 500,000 in food processing, tens of thousands in auto parts, assembly, packaging, paper, foundries, plastics and, of course, cement and concrete.

We're here today to talk to you about how the high cost of electricity in Ontario is hindering industrial growth in the province. In terms of jobs and investment, Ontario has lost 270,000 manufacturing jobs over the last decade. Farm employment is down by over 20,000 just over the last four years. Manufacturing is down; forestry is down.

Some argue that this is a result of the 2008 recession or international competition, but Ontario has recovered the jobs that were lost during the recession. The truth is that Ontario's high industrial electricity rates are hurting our international competitiveness because they're increasing the cost of manufacturing and production across Ontario.

We can all see the direct results of this. Manufacturing investment in Ontario is down by over 30%. In this globalized world, many multinational corporations in Ontario must compete within their own companies as to where manufacturing investments are going to be made. Unfortunately, a lot of these investments are not being made in Ontario.

Several years ago, the province took very good steps in creating a corporate tax rate that was one of the most competitive in the world. This strategy helped to ensure that Ontario retained or attracted jobs in the finance, the insurance sector, health care and educational services, and we agree it also helped to slow the losses in agriculture and the manufacturing sector. But other jurisdictions reduced their tax rates. They offered incentives. Now, our competitive advantage has eroded.

But today, we don't just want to talk about the challenges that Ontario is facing. We believe that the time for pointing fingers and laying blame about the electricity problem should be in the past, and we want to work constructively on a proposed solution on how we can reduce our industrial electricity rates in a way that will not hurt individual ratepayers. We aren't alone in this. Earlier today, you heard the same message from the Canadian Manufacturers and Exporters and similar messages from the Ontario Chamber of Commerce and from the Association of Major Power Consumers in Ontario, and others.

Today, we are here to offer some details about how we can achieve this solution. In short, we are asking that Ontario establish one specific rate for farms and industrial users in the province. Some of you will recall that prior to the breakup of the old Ontario Hydro, Ontario did have a farm/industrial rate, and we desperately need this rate again in this province.

I'd now like to turn our presentation over to Brad to speak on more specifics of our proposal.

**Mr. Brad Robertson:** My name is Brad Robertson. I'm here on behalf of the Canadian Foundry Association. I want to talk a bit about the current price programs. They've been very helpful, but only to a certain segment of the Ontario economy. For instance, the 5CP program lowers the cost of power by 2 cents a kilowatt. That's of great value to those who can take part in it, but only 300 employers in Ontario currently qualify, and it costs $130 million a year. We believe Ontario should keep the 5CP and other programs, but for all of Ontario to compete, we need farm and industrial rates.

Through our proposal, a farm/industrial rate could be phased in over three years and reduce industrial costs by up to 2 cents a kilowatt hour. This across-the-board reduction will help tens of thousands of firms who employ over one million Ontario employees. Our analysis shows that introducing a farm/industrial rate would generate about 9,400 new jobs a year in Ontario on top of what's normally generated, about 96,000.

Ontario can have this farm and industrial rate program without any new increases from any other power users by taking four steps:

In the spring budget of 2015, commit to developing and implementing farm/industrial rates within a year.

In the 2016 budget, as step two, reduce the Ontario portion of HST on all power bills, from 8% to 4% and adjust rates to use this $250 in reducing billing, so residential and commercial rates fall by about 1% and farm and industrial rates by about 2%.

Step three would be to repeat the process in spring 2017's budget with the remaining 4% of the HST on power bills being removed, so rates would then be down 2% for residential and commercial users and 4% to 5% for farm and industrial consumers.

In the 2018 budget, the debt retirement charge would no longer be needed, and at that time, rates can be further adjusted—residential rates falling by about 3% and farm and industrial an additional 15% fall.

At the end of the phase-in period, farm rates would be down from their present average of about 17.5 cents a kilowatt hour to 15.5 cents. While that's still high compared to some rates in the rest of the world, it's an improvement. Industrial rates would go from their present rate of 10 cents to 8 cents a kilowatt hour. That's a 6.4-cent US rate. That would bring us into the high end of rates but still within competitive range of some of the other manufacturing jurisdictions we compete with in North America.

No one would pay more for power because of this. Everyone would pay less. On behalf of farm and industry, they'd see the greater reductions, but compared to the rest of North America right now, their rates are currently more out of line.

Farm and industrial rates would take industrial power costs from $5 billion a year to $4 billion, a 20% saving. We're convinced that that would lead to reinvestment in Ontario and that a commitment now to farm/industrial rates would help catch the attention of every CFO in Ontario, and they will re-examine their investment plans to match those savings to new investment.

**1530**

Manufacturing investment used to be over $10 billion a year in Ontario. We don't see it returning to those levels quickly, but farm/industrial rates will move manufacturing investment from its present level of $6.5 billion to over $8 billion a year. That extra investment, at a cost per job of $175,000, will bring about 9,400 additional jobs into Ontario that we don't otherwise have.

We understand it's not free. There's $500 million a year in HST on the table here. But those 9,400 new workers, if they aren't working, are in school for extra years or living at home with mom and dad. They're not generating revenue. Employed, they spend, and they pay HST and income taxes and more than make up for the so-called lost revenue.

Three years of this additional employment and the lost tax revenue is more than restored. Compared to other employment creation efforts, it's fairly low-cost when paid out and is repaid by taxes from those workers later.

So it's not about lost revenue. This is about jobs and keeping Ontario as a place to live and work. Farm/industrial rates are the only way of reducing power costs now. This move would make Ontario more competitive. It doesn't mean it has the lowest rates, but it means it has competitive rates.

That's the end of our submission.

**The Chair (Ms. Soo Wong):** Thank you very much for your presentation. Mr. Arnott, do you want to begin the questioning?

**Mr. Ted Arnott:** Thank you very much for your presentation. You've brought a constructive idea to the government's attention by way of this Standing Committee on Finance and Economic Affairs, and I would hope that the government will give it consideration.

The underlying problem, of course, is the high cost of hydro. We've seen deliberate steps by this provincial government, going back to 2003, that have put upward pressure on the hydro bills. Most recently, we've learned in the Auditor General's report that the smart meter program has cost almost $2 billion, and it hasn't had the desired effect of achieving the targets of conservation that were set out when the program was launched. Of course, we have seen the Green Energy Act and the investments that have been made, whether it's in windmills or whether it's in solar power, where producers are being paid up to 80 cents a kilowatt hour for electricity that's generated. All of this, and other steps—conscious decisions that the government has made—have put upward pressure on hydro bills, which has led us to the situation we're in today, where our hydro rates are completely uncompetitive, relative to other competing jurisdictions, which is costing us jobs.

Your suggestion is an interesting idea that would take some steps towards addressing the issue, so I commend you for coming forward with a constructive idea. It's clearly laid out in your presentation, and I want to thank you for it.

**Mr. Steve Morrissey:** Thank you very much.

**Mr. Ted Cowan:** Thank you.

**Mr. Steve Morrissey:** I'd just like to make one comment to that question.

**Mr. Ted Arnott:** Sure.

**Mr. Steve Morrissey:** In the environment that we're in, we tend to focus a lot on what is in the news. The government wants to announce new jobs. The opposition parties want to announce layoffs and companies moving out of the province. This is natural—

**Mr. Ted Arnott:** Just a second. No, we don't. We want to see the province thrive. We want to see the province grow. We want to see the province do well. As an opposition party, that's certainly our approach.

**Mr. Steve Morrissey:** Absolutely. That's the agenda—

**Mr. Ted Arnott:** But we have an obligation and a responsibility in opposition to call attention to the government's drawbacks and flaws in policy.

**Mr. Steve Morrissey:** Absolutely. We have to draw attention to what the problems are, absolutely, and that's the job of an effective opposition: to draw attention to the problems.

We would have to stop thinking about the problems that are there. We've got to start thinking about solutions. This is why we wanted to come to talk about specific solutions. The government needs to think about the solution side of this too.

The point I was trying to make is, when we look at the media, we're talking about the tip-of-the-iceberg kinds of problems; we're talking about the jobs that are lost or announced or whatever. What is under the iceberg is 90% of the issue: It's the opportunity cost of jobs lost. Because we're not competitive, how many jobs are we not getting in Ontario now?

We have to stop thinking about the top of the iceberg and think about the jobs we are not bringing into Ontario by not being competitive. That means we've got to think about solutions now, because as we've seen in Alberta, the suffering of other economies is not going to help Ontario either. We've got to find solutions now.

**The Chair (Ms. Soo Wong):** Okay. Mr. Fedeli.

**Mr. Victor Fedeli:** Thank you very much. I appreciate the commentary.

You've talked about the issue of skyrocketing energy rates: amongst the highest in North America. You've talked about a solution. It's not an energy solution; it's a financial solution. I call that more of a salve on the wound. What about repairing the wound itself? What can we be doing to actually make energy rates affordable in Ontario? Not a financial solution from an HST.

**Mr. Ted Cowan:** The only physical thing that reduces energy costs is to replace the highest-cost energy—let's say in peak-hour imports from the US, when they have us over a barrel and it's 25 cents a kilowatt hour, for about 15% of the gross. The other very high cost is the energy we don't use that we give to the Americans at a cost of $1.2 billion a year. Out of a gross of $18 billion—that's 12%, right off the top. If you bring that to zero, the cost falls by 12%. If you bring the expensive imports down, you can bring another 6% off, but you can't do that on Tuesday this coming week, or even a month from now. That will take years. In the meantime, there will be 100,000 young men and women going without a job, so—

**Mr. Victor Fedeli:** Well, there are 600,000 of them today, so I agree with you.

**Mr. Ted Cowan:** This can be done right away. It's not a salve. Every other jurisdiction in North America has had it for decades. We had it from 1905 until roughly 1990 or 1991.

**Mr. Victor Fedeli:** So what about offering that power that we pay the States $1.2 billion to take to be used at night?

**Mr. Ted Cowan:** That would be excellent, and it's one of the requests we're making—not right here and now, but it's one of the requests we're making. In addition, that power is exported to the US, and we only charge 10% of the transmission charge on it. We're actually paying the trucking on that power to get it out of the country at a loss.

**Mr. Victor Fedeli:** You sound like the speech I give in the Legislature every week.

**Mr. Ted Cowan:** Well, I read Hansard.

**The Chair (Ms. Soo Wong):** Okay, gentlemen. Thank you very much for your presentation and your written submission, and thank you for your suggestions for the committee.

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

**The Chair (Ms. Soo Wong):** The next group before us is the Ontario Association of Non-Profit Homes and Services for Seniors. I believe Donna Rubin and Tim Siemens are here. Good afternoon, Ms. Rubin. I believe you have some handouts for us? Okay, the Clerk is coming over to help.

**Ms. Donna Rubin:** Thank you.

**The Chair (Ms. Soo Wong):** Ms. Rubin and Mr. Siemens, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the third party. You may begin any time. When you begin, please identify yourself and your position with OANHSS. Thank you.

**Mr. Tim Siemens:** Thank you very much. Good afternoon. I'm Tim Siemens, the chair of the board for the Ontario Association of Non-Profit Homes and Services for Seniors, or OANHSS, as it is commonly known. With me here today is Donna Rubin, chief executive officer of the association. OANHSS is a member association, and for close to 100 years we have represented providers of municipal and not-for-profit long-term care from across the province.

We do not have enough staff in our long-term-care homes to provide the quality of care that Ontario's seniors need and deserve. Currently, staffing levels still fall short of the four hours per resident per day recommended in the Sharkey report in 2008. The target was right then, it is right now, and we are still not there.

We are asking you to consider an annualized increase of approximately $385 million to close the care gap. This is the same budget recommendation that we brought forward to the government in the year 2010, and here we are again today, five years later, raising it once more. Yes, we are recommending an annualized increase of $385 million, but of course we recognize the fiscal challenge facing the government. This is why we are recommending that the target be phased in over three years.

Now let's take a look at why this investment is needed. Long-term-care homes serve one of the most vulnerable groups in our society: the frail elderly. They play a critical role in the province's continuum of care for senior citizens. In fact, our sector is the fourth-largest operating expenditure item for the Ministry of Health and Long-Term Care. There are over 78,000 residents in Ontario's 630 homes, and demand continues to grow, with more than 20,000 seniors on the wait-list for long-term care.

It can't be overstated how heavy the care needs of these residents are: both their physical health and their mental health needs.

**1540**

Many residents are coming into our homes with very high complex-care requirements, such as intravenous therapies, oxygen therapies and peritoneal dialysis. End-stage disease and antibiotic-resistant infection are areas of high growth that we need to pay attention to. If this growth continues, it will be very difficult for homes to manage, as individuals with these conditions require considerable attention.

The government's policy direction to enhance quality care so that seniors can stay in their own homes for as long as possible—which we fully support—means that residents being admitted from the community have highly complex care needs.

I'll give you a sense of what I mean by heavier and more complex care needs by looking at dementia as an example.

Six out of every 10 residents suffer from some form of dementia. That's over 47,000 residents in all homes in Ontario, and that number is increasing at a rate of 2.5% annually. Even more troubling is the huge and growing group of residents with aggressive behaviours. On average, 46% of residents exhibit aggressive behaviours, and about 11% are considered severely aggressive. What this means is that in a standard resident-home area of 32 beds, three to four residents will have severe levels of aggressive behaviour.

As I am sure you can understand, these behaviours pose a huge risk to resident safety and well-being, both for those suffering from them and for those around them, including other residents, staff, visitors and our volunteers. It's a volatile congregate living environment. With current staffing levels, homes are already having serious difficulty meeting the most basic care needs of residents, and we are unable to guarantee the safety of our residents.

If we look now at what will be achieved by increasing direct care staff in long-term-care homes, I can tell you that research evidence clearly shows that more staffing will mean better quality of care, better resident outcomes and greater resident safety. These improvements will be reflected in measurable outcomes in a number of areas, including quality indicators that are tracked by Health Quality Ontario and the Canadian Institute for Health Information. These quality indicators include such things as falls, pressure ulcers, restraint use, incontinence, potentially avoidable emergency department visits, appropriate prescribing, and resident experience. And it will mean that homes will be better able to manage challenging behaviours and keep their residents safe.

As you read our written submission, you will see that our recommendation for increased staffing is evidence-informed and focused specifically on improving the quality of care and quality of life for residents.

You may be asking yourself, "What is it going to take to get to a provincial average of four hours of direct care per resident per day?" Currently, based on the ministry's data and its formula to calculate hours of direct care, residents are receiving an average of 3.4 hours per day. This is care that is provided mainly by nurses and personal support workers but also social workers, therapists and activation staff. That gap of just over half an hour per resident per day can be closed with an annualized investment of approximately $385 million.

This is by no means a new recommendation. As I stated in my opening comments, it originated in the Sharkey report, commissioned by the Ministry of Health and Long-Term Care in 2008. That report identified provincial guidelines that were designed to achieve up to four hours of care per resident per day over the subsequent four years.

Again, in 2012, the Long-Term Care Task Force on Resident Care and Safety urged the province to follow through on this same recommendation in order to improve the level of safety and care quality for residents.

We are here again today to urge you to make this recommendation happen, to finally make it a priority.

Based on the ministry's data and calculations, an annualized increase of approximately $385 million would be required to close this care gap. We recognize the fiscal challenges facing the government, which is why we are recommending that this target be phased in over a three-year period.

We all have an obligation to ensure we are providing the best care for our seniors. The needs of those seniors living in our long-term-care homes cannot be ignored. The next provincial budget must include an investment to start to bring average care levels to four hours per resident per day over the next three years. Our residents deserve the improved quality of care and quality of life that this will bring. Thank you.

**The Chair (Ms. Soo Wong):** Thank you very much. Ms. Fife, do you want to begin the questioning?

**Ms. Catherine Fife:** Thank you very much, Tim and Donna, for coming in and sharing this data. It must be very frustrating to keep coming and asking for this. I think a lot of Ontarians would be very surprised to learn that over the last four years, the level of care in long-term-care homes has only increased by nine minutes per resident per day. That's shocking. When you break it down that way, that's two minutes per year.

So in the fiscal environment that we are facing, and obviously with a 6% reduction in every ministry from last year's budget, make the economic case, because it's there, for the finance committee to recommend to the minister to actually close the care gap for seniors in the province of Ontario.

**Ms. Donna Rubin:** Well, essentially, we have received increases over the last number of years in the area of 2% that are maintenance investments that only help us to keep doing what we've always done. In that way, we're kind of just treading water.

We recognize that this is a large sector. When you have 630 homes and 78,000 residents, $1 more in the sector costs basically $28 million. So what we're asking for is a jump—a jump to make a difference. It will be just under $14 per person per day to care. If you spread that over three years, we're looking at about $4 more per person. You know, we can't set the priorities, but we can certainly identify the need.

**Ms. Catherine Fife:** Sure. And obviously there's a cost to not being able to provide preventative care for seniors. Even in the last three years—when I was first elected, I toured a long-term-care facility, and I was recently touring again, and you could see the tension, the stress and the pressure in those environments, because it must be very frustrating for front-line staff to not spend the quality time with the client.

The issue of nutrition and food has also been a consistent theme across the province as we have traveled around. The budget, I guess, right now, is $7.87 per day. In the funding that you're looking for, are you asking for additional funding for food on top of that $7.87?

**Ms. Donna Rubin:** Yes. We're asking for a 5% increase to food. That is outside of the care envelope. It's part of what we call the other accommodation envelope and raw food. It's a smaller amount, for sure, but our members are very much indicating that the food per diem is insufficient.

**Ms. Catherine Fife:** Well, it's connected to overall health. Right?

**Ms. Donna Rubin:** Yes.

**Ms. Catherine Fife:** Last year, you recommended that the government expand the number of designated units for extremely aggressive residents and significantly increase behavioural supports. Have you seen any update with regard to that? This has also been an issue that we've heard consistently.

**Ms. Donna Rubin:** No. Outside of the incremental 2% increase, we've not had any increase to the designated units and have had no further jump in care hours to support this type of individual.

**Ms. Catherine Fife:** So this leads us to the current situation, where we are. For you, every year you've come and made a very strong case. This is an outstanding promise of creating or developing 35,000 long-term-care beds, since 2007.

Where's the reluctance? What are you hearing from the Ministry of Health as to—because there's a silver tsunami. That's what they're calling it. Right?

**Ms. Donna Rubin:** Yes.

**Ms. Catherine Fife:** But it's also becoming more aggressive and complex needs in your long-term-care facilities.

**Ms. Donna Rubin:** I think the government's main priority is to try and keep people out of hospitals, out of acute care and out of the emergency ward. We know that. We're full. There's no room at the inn. So the priority is to try and put investments into community, which are good. But as we do that, we are starting to take only the highest level of acuity residents, because by the time they come to us, they're very frail now. I think many of you have heard of incidents over the years of resident-to-resident abuse. We've had homicides in the province.

This is because we haven't got enough staff and enough eyes and ears to watch people. So when you mentioned the cost before, that's the cost. The cost is not just quality of life; it's becoming people's lives. There was the Casa Verde report years ago when there was a homicide. It has continued. Enough is enough. We've got to make a jump, get the level of care we need, and then we can look at maintenance budgets.

**1550**

**Ms. Catherine Fife:** So we've seen an increase in for-profit high-end retirement long-term-care facilities. They are clearly moving into the province and filling a gap. Having gone through this with my own mother-in-law, it's $3,800 a month and up. Where do you see the leadership of this government on the not-for-profit long-term-care facilities?

**Ms. Donna Rubin:** I have seen continued attention. When other areas were flatlined, we did get some money last year, so I have to acknowledge and appreciate that. But it's like putting your fingers in a dike; we're just holding it together. Administrators go to bed at night worrying about whether everybody is going to be safe. We have to stop blaming the organizations—the homes—for not being able to keep people safe from day to day and recognize that it's a systemic problem and we have got to make the necessary changes.

**The Chair (Ms. Soo Wong):** Thank you very much, Ms. Rubin and Mr. Siemens. Thank you for your submission as well.

## PROVINCIAL BUILDING AND CONSTRUCTION TRADES COUNCIL OF ONTARIO

**The Chair (Ms. Soo Wong):** The next group coming before us is the Provincial Building and Construction Trades Council of Ontario: Mr. Dillon, Mr. Donner and Mr. Armstrong—I think there are three of you here. Gentlemen, welcome. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the government side. When you begin your presentation, please identify yourself and your position with your organization for the purposes of Hansard. Thank you.

**Mr. Patrick Dillon:** Thank you. My name is Patrick Dillon, business manager and secretary treasurer of the Provincial Building and Construction Trades Council of Ontario. With me is Arthur Donner, an economist who helped us put some numbers together for this presentation. Thank you for giving us the opportunity to present. Our council represents 12 affiliated local unions that represent over 150,000 construction workers in the province.

In our pre-budget deputation, we would like to focus on two specific areas of public policy in Ontario which we feel need to be strengthened. The first area is that of updating the provincial fair wage policy, and the second is in the area of infrastructure investments.

Let me start off with the fair wage. It is the firm view of our council that an updating of Ontario's fair wage policy is long overdue. I will speak specifically to the fair wage as it relates to the construction industry. We call on the provincial government to update and reactivate a fair wage policy to ensure that public monies are not spent in a way that is exploitative of the workers who contribute as taxpayers and otherwise to public investments and the community at large.

The fair wage for public works emerged from a concern that cutthroat competition over wages in the construction industry puts workers at risk in terms of health and safety and on a downward path towards low wages, low skills with no training, and low productivity.

The last fair wage schedules were revised in 1995 by order in council 773/95, which is still nominally in force. However, no revised rates have been established since then, and although the 1995 schedules are said to continue to be referred to in government tendering documents, the rates in the schedules are now effectively meaningless as a result of inflation, the increased cost of living and the other economic variables that have impacted Ontario's economy since 1995.

We propose that a fair wage system be restored and strengthened so that:

—the Ministry of Labour is required to establish fair wages for the industrial, commercial and institutional, sewer and water main, and road and heavy construction sectors of the construction industry in Ontario in accordance with the identifiable prevailing rates for those sectors in the various regional areas of the province;

—fair wages be determined by such periodic surveys by the Ministry of Labour as are required of the identifiable prevailing rates in the various regional areas of the province in the four sectors described above, and that such comparable remuneration take into account not only the wage rates but all accompanying benefits;

—the fair wage rates established by the Ministry of Labour be applicable to both employees and independent contractors engaged by contractors and subcontractors in the four sectors by all government ministries; all government boards, agencies and commissions; and all entities in receipt of provincial government grants, subsidies, loans or other provincial financial support;

—the OIC require bidding contractors and subcontractors to comply with all applicable federal, provincial and municipal laws relating to employment, including the Employment Standards Act, the Occupational Health and Safety Act, the Workplace Health, Safety and Insurance Act, the Ontario College of Trades and Apprenticeship Act and the Access for Ontarians with Disabilities Act;

—the OIC provide for adequate enforcement proceedings similar to those found in the US Davis-Bacon Act and in the fair wage bylaw of the city of Toronto, including provisions for regular reporting by contractors and subcontractors, periodic inspections and audits by the Ministry of Labour, and penalties for non-compliance; and

—the Ministry of Labour reserve the right to evaluate the past performance of contractors and subcontractors in assessing their bids, including the right to disqualify those that have a history of non-compliance with the provisions of the OIC.

When wage inequality is substantially removed from the picture, the result is fair competition based on productivity improvements, an enhanced training system, improved output and reduced costs due to vastly enhanced health and safety records.

The premise that a fair wage increases costs to government is a faulty one because it fails to take into account productivity gains, better safety, the importance of skills training, community development and other significant effects contributing to overall costs. This was certainly the conclusion in the Economic Policy Institute report which you may reference in appendix B.

An updated fair wage would help raise the standard of living for thousands of construction workers in Ontario and would contribute towards something that all three major political parties have publicly repeated, particularly around election times, declaring to work towards building a stronger middle class.

Now, I'll turn from the fair wage and talk about infrastructure investment a little bit.

Our council is supportive of continued government investments in infrastructure. We welcomed the Premier's $130-billion announcement over the next 10 years, and we recognize the substantial investments that have been made to date. At the same time, however, Ontario is facing a daunting infrastructure deficit to the tune of $49.2 billion, or 40% of the $123-billion backlog nationally, according to the Federation of Canadian Municipalities.

A study by the Canadian Centre for Economic Analysis suggests that the recent historical average of investing 3.1% of Ontario GDP towards infrastructure is insufficient to meet our province's needs. The centre proposes a 5.1% of GDP figure to achieve optimal economic benefit to the province.

Our council recommends to the committee that the province of Ontario increase its public infrastructure investment by $1 billion per year to a total of $13 billion for 2015-16, less than the optimal level recommended by the Canadian Centre for Economic Analysis. This $1-billion figure represents approximately one half of the funds needed to reach the optimal level based on the centre's study, but we feel that it is still sufficient to accelerate infrastructure renewal across the province, considering the magnitude of our current infrastructure renewal needs. In fact, our council estimates that such an investment would create 16,700 new jobs. If leveraged correctly, these jobs can help alleviate youth unemployment and diversify our workforce by bringing opportunities to women, aboriginals, returning veterans and reservists.

You might think that we're pushing this for construction, and we are in a sense, but the fact of the matter is that construction trades actually rank fifth in terms of the employment generated by infrastructure investments.

**1600**

Just ranking them quickly, the number one benefit in jobs is in clerical occupations; two is middle- and other management occupations; three is intermediate sales and service occupations; four is elemental sales and service occupations; and five is trades and transport, which would be the construction jobs.

We're not ducking the fact that we're interested in creating jobs, but we really believe that infrastructure investment is necessary.

Moving beyond what we heard in the last election, we think that it's important that we close that gap from what is committed and what the optimal amount is.

I think that if you look at the history of the construction sector, there is no time better for building infrastructure than the present. Waiting and going through the costs of a system that degenerates actually costs you more money down the road. You'll pay at the time and you'll pay as you go forward down the road more. The optimal time for infrastructure investment is as much as you can handle at the start, which is now.

Thank you.

**The Chair (Ms. Soo Wong):** Thank you very much, Mr. Dillon. I'm going to turn to Mr. Milczyn to ask you the first questions.

**Mr. Peter Z. Milczyn:** Thank you very much, Mr. Dillon, for your presentation and for the work that your members do every day helping to build up this province, which is certainly the intent of this government, which is to build up this province.

As you mentioned, our $130-billion, 10-year plan on infrastructure is only beginning to get to that 5% benchmark of GDP that the OECD considers to be the optimal amount of infrastructure spending.

I'd like your comments on the lack of a federal/national housing strategy and a federal/national transportation strategy, and how those gaps, if they were filled by the national government, the federal government, could assist us in bringing Canada's and Ontario's infrastructure up to where it should be.

**Mr. Patrick Dillon:** I'm going to ask my friend to comment on that a little bit. But I would say first off, up front, that I believe that the federal government should be spending more money on infrastructure in the areas—on all infrastructure, actually—that you've talked about. I don't think that the province, if we're trying to build the kind of communities that we want to live in and raise our families in and educate our families in, and so on—I don't think that what somebody else is doing wrong should be the formula for what we should be considering, as a province, to go forward.

I understand the financial side of that, and I think that maybe, as we go forward in the next few months, you may hear some different commitments from the federal government along the lines that you're talking about. But the only people I can really talk to today is the government here in the province of Ontario. We encourage you to make those expenditures.

Would you have any comment, Arthur?

**Mr. Arthur Donner:** Sure. When Pat asked me to take a look at the infrastructure numbers, I was astonished to see the degree to which, number one, actually, the Ontario government has stepped up, and number two, the federal government has completely retreated, so that in recent years within Ontario, the Ontario government itself accounts for 88% of expenditures and the federal government is down to 12%. The ideal ratio would have the federal government up to 40%. So I quite think your question is the appropriate one.

I'd like to just add another point. If you're going to be spending on infrastructure, which is a long-term investment—it has both economic and social returns—what time could be better than when interest rates are so low?

**Mr. Peter Z. Milczyn:** I think one of the things I was getting at is the $11-billion-a-year gap between what Ontarians send to Ottawa in taxes and what we receive back. Easily, that $1 billion additional that you mentioned could come in that.

I wanted to shift tack a little bit. You've been engaged quite a bit with the Ministry of Labour over the last year—or, I'm sure, over many years—on issues related to workplace health and safety. As you know, this government made some good steps in terms of expanding the coverage for workmen's compensation for part-time workers, student workers and so on. Could you tell us a little bit about the progress you've been making with the government on improving workplace health and safety?

**Mr. Patrick Dillon:** Yes. I started the day this morning on that very subject with our industry representatives, both employers and unions, with the Chief Prevention Officer, which was set up because of the Tony Dean report, the result of workers losing their lives on Kipling Avenue on Christmas Eve five years ago.

There has been some activity that has taken place. We are working pretty closely with the minister and with the Chief Prevention Officer. I actually sit on the prevention council itself. But I guess maybe I'm impatient, because I see where the numbers come down, which is a good thing, hopefully—the numbers are coming down for the people being injured, but the numbers are not coming down for the people who are being killed. Actually, the numbers are trending the right way on the injuries side, but the wrong way on the deaths side.

We're working closely with the minister. We think that that's part of the argument for upgrading the fair wage. If it's a level playing field for the employers to bid work on, they will maximize their employment opportunities by increasing their productivity and by working their crews safer. The real profit-makers in this province and in this country, the people with the highest spread in profit, are the ones that have the best health and safety records. We think that that is ample argument, part of the argument, to push forward with fair wages.

**The Chair (Ms. Soo Wong):** Thank you very much, Mr. Dillon and Mr. Donner, for your presentation and your written submission.

## CONSULTING ENGINEERS OF ONTARIO

**The Chair (Ms. Soo Wong):** The next group coming before us is the Consulting Engineers of Ontario. I believe Mr. Barry Steinberg—oh, now there are a couple of you—and David Zurawel are coming forward.

Good afternoon, gentlemen. You probably heard you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be from the official opposition party.

You may begin any time. When you begin, please identify yourself and your position in your association for the purposes of Hansard. Thank you.

**Mr. Barry Steinberg:** Good afternoon, Madam Chair and members of the committee. Thank you very much for the opportunity to speak to you.

We are speaking to you today, of course, as a deputation towards Ontario's 2015 pre-budget consultations. My name is Barry Steinberg. I'm the chief executive officer of Consulting Engineers of Ontario. With me is David Zurawel, our manager of stakeholder relations.

Consulting Engineers of Ontario, CEO, is a non-profit association representing approximately 200 engineering firms employing more than 20,000 Ontarians. Our mission is to promote a sustainable business environment for our members, which we firmly believe is in the best interests of the people of Ontario.

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

CEO's objective is to be a trusted partner and solutions-provider to government, the policy maker and legislator, and government, the client.

CEO responded favourably to last year's budget, which made an unprecedented commitment to a long-term vision for infrastructure construction and rehabilitation across the province.

**1610**

We've long held that investment in core infrastructure stimulates economic activity and growth; it creates jobs. We all know that investment as a result of sound long-term planning will create its own tax base.

Where last year's budget emphasized planning for our future success, we anticipate this year's fiscal plan to focus on implementation—how we spend the money of the people of this province. The current realities of lower-than-projected economic productivity and job growth have taken their toll on provincial revenues. This means now more than ever that stable investment and value for taxpayer dollars are crucial to Ontario meeting its pledges as outlined in the Building Ontario Up agenda.

With this in mind, our deputation makes two recommendations for government to consider as it prepares its budget for 2015. First, all core infrastructure investment should be protected by dedicated revenue streams. Second, the government should adopt a qualifications-based selection procurement model, the best practice in professional services procurement, to be used in concert with its current policy of alternative financing and procurement, better known as AFP.

**Mr. David Zurawel:** Speaking to our first recommendation, CEO was pleased to see last year's budget introduce two new dedicated funds for investment in transportation infrastructure across the province, totalling $29 billion over the next 10 years. We believe that strategic long-term infrastructure commitments must be supported by dedicated revenue streams. This is the only way to ensure adequate resources are kept available for capital asset construction, operation and maintenance and decommissioning, especially during difficult economic times. All too often, governments without such dedicated funding streams find themselves pressured by competing capital interests, bleeding away such needed money from investments crucial to our quality of life, economic competitiveness and future prosperity. That is why CEO is strongly urging the government to extend the creation of dedicated revenue streams to all core infrastructure investment. Transit and transportation assets are vitally important because they move goods and people to support our economic prosperity. It is equally important that the assets supporting the foundations of our communities, such as water and waste water, be supported by full-cost pricing as dedicated sources of revenue.

While dedicated investment revenues are important, equally critical is that we ensure the greatest value of our tax dollars. This brings us to CEO's second recommendation: the adoption of qualifications-based selection as the procurement model for the government of Ontario.

**Mr. Barry Steinberg:** CEO recognizes that the government of Ontario has invested significant time, effort and resources to develop the AFP procurement model as the heart of its core infrastructure policy. In our comments last year responding to the provincial Auditor General's report, CEO stated the importance of recognizing the significant role AFP has played in the construction of a substantial amount of public infrastructure over the last eight years, vital infrastructure that otherwise might have not been constructed.

That said, we have also stated that while AFP can be successful, it is not a panacea. In fact, a substantial amount of provincial infrastructure work is delivered through traditional means. We also know that every design and construction project is unique, having its own set of characteristics and challenges. In light of this, there are times when an alternative to AFP will be necessary.

CEO is urging the government of Ontario to adopt qualifications-based selection, or QBS, as this alternative model of procurement.

QBS was born as part of the 1972 Brooks Act, passed into law by the United States Congress to protect taxpayer interests when it came to federal capital infrastructure investment. Today it is being used in 44 of 50 states. QBS is a process mandated by the act where engineering firms submit their qualifications to a competitive process conducted by the project owner. The owner assesses the experience of the competing firms based on qualifications such as knowledge, skill, experience and project-specific factors, and then the most qualified firm is selected to negotiate a project scope of work and a price for the project. Rather than placing an up-front emphasis on fees, QBS delivers savings through design innovation, quality and planning.

The fundamental concept we are discussing here is value. Over the life cycle of an asset, engineering-related services account for approximately 1.5% of the total life cycle costs of an asset. Yet these services play a major role in determining the other 98.5% of the asset's life cycle costs, as well as the quality of the completed project. Because the QBS process very early on has the client and the engineer specifically define the project scope of work, it removes the majority of typically unknown variables that can present themselves during the completion of a traditional project. This well-defined scope of work provides more certainty of construction, maintenance and operating costs, offering greater savings to the client.

At the heart of the QBS model is its encouragement of innovation, which leads to overall cost-saving alternatives. It provides a flexibility for engineers to consider a variety of options in concept, approach and interpretation, which leads to better design, project quality and ultimately savings focusing on the life of the asset.

The QBS philosophy is founded on accountability, calling for sound business judgement, for actors to be responsible stewards of public funds, the application of due diligence and the use of strategies that maximize value to the client. Also essential for success are ethics and impartiality, ensuring an open and fair environment that treats all stakeholders equally.

We believe that Ontario is on the cusp of making a very important decision to adopt QBS, and we want to encourage a provincial decision be made as soon as possible.

Late last year, Metrolinx announced two QBS pilot projects. We applaud the agency's leadership for taking this step, for committing to find new means of not only delivering value for taxpayer dollars invested by bringing projects in on time and on budget, but also for recognizing the equally important value of quality design and innovation—words that are defined very differently in the AFP process.

The first pilot project is for the multi-level parking structure at the Rutherford GO Station. The second is much larger: the electrification of the GO Transit corridor. These are truly exciting times for Ontario. However, we believe the case exists for expanding the QBS test beyond transit infrastructure and into other complex core projects. Important for Ontario to consider is that many of the jurisdictions with which we do business, such as New York, Michigan, Ohio and Pennsylvania, all use QBS. So too does California, another jurisdiction against which we like to benchmark ourselves in terms of cutting-edge technologies, economic development and innovation, and, more recently, the environment.

Ladies and gentlemen, QBS works. It can work well for Ontario because:

—It results in lower overall costs for projects. Good design reduces change orders during construction and can minimize long-term maintenance and operating costs.

—It serves to safeguard the public interest by ensuring public safety by focusing on the qualifications of those doing the work, rather than on lowest price.

—QBS benefits small firms by helping them compete. The qualification and selection process permits them the opportunity to more readily compete against larger firms. Remember that 80% of Ontario businesses are small businesses.

And, lastly, it works because QBS promotes better communication and technical innovation. Ontario as a client benefits from a better project that has been fully thought through. It benefits from innovative and creative design and use of materials, and time-saving approaches to problems. QBS places the engineer and government, the client, as partners in success, and that will impact your budgets for years to come.

Thank you very much for your time and attention today. I'd be happy to entertain any questions.

**The Chair (Ms. Soo Wong):** Okay. I believe Mr. Arnott is beginning the questioning.

**Mr. Ted Arnott:** Yes. Thank you very much for your presentation, gentlemen. It was very interesting.

The QBS—qualifications-based selection—model has been around for years. Why has Ontario been so slow to catch on and take it up?

**Mr. Barry Steinberg:** It is essentially—how can I put it?—the horror, if you will, of not picking the lowest price. Assuming the first price you see, which is essentially the engineering or the architect's price—it's the first thing you see, and if you don't pick the lowest price, there is the idea out there that you're not getting value for money, and it's simply not true.

**1620**

**Mr. Ted Arnott:** And yet 44 states out of 50 mandated on their projects—

**Mr. Barry Steinberg:** All federal projects through the Brooks Act, and 44 states have adopted it through their own state acts.

**Mr. Ted Arnott:** Okay. What about other Canadian provinces?

**Mr. Barry Steinberg:** Not fully. There are some cities that have. I think the best example is the city of Calgary. I know that the province of Alberta is looking at it but I'm not sure where they are at this point.

**Mr. Ted Arnott:** But Metrolinx is now catching on, and you would recommend that the province of Ontario follow the lead.

**Mr. Barry Steinberg:** Absolutely.

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

**Mr. Barry Steinberg:** Thank you.

**Mr. Ted Arnott:** Did you want to—

**Mr. Victor Fedeli:** Thank you very much. I appreciate it. Welcome, gentlemen. I wanted to talk to you about a comment you made about dedicated funding streams. There is another dedicated funding stream, first of all, from the federal government, called the gas tax, where each and every municipality in Ontario receives their equal and fair share of gas tax. In Ontario, out of the 444 communities, only 93 currently receive gas tax. The criterion is that if you have transit. Smaller communities without a bus system would consider their roads and bridges to be their transit. Our party has year after year brought the gas tax as a private member's bill. Is that something that would give a dedicated funding stream to each and every one of the 444 municipalities?

**Mr. Barry Steinberg:** I think, of course, it depends on how the qualification of the gas tax is laid out for the other municipalities. We have stayed away, as an organization, from which revenue-generating mechanisms are used; we applaud any of them. What we're concerned about is not having them dedicated, because if you don't dedicate them, the money gets lost. If it's gas tax for transit or gas tax for transportation, yes. If it's gas tax focused, for some reason, on water, then, yes. As David mentioned, we're believers in full-cost water pricing, but we don't want those revenues to disappear into a pool. We want them to be dedicated, for example, to water infrastructure relief.

**Mr. Victor Fedeli:** We agree, by the way. If it's a gas tax that is used in 93 communities for transit, it should be used in all 444 for transportation, roads, bridges.

I want to shift gears to something we didn't talk about today, but we've talked about it in the past. I certainly have talked about it in the Legislature, and it's the old Bill 6. Bill 6 talks about infrastructure investment but it specifically mentions architects and it does not mention engineers. Can you explain your position on that and if you have any specific ask on that?

**Mr. Barry Steinberg:** Yes. Actually, I'm quite happy you asked that question because I'm going to answer your question and then I'm going to use it for something else, if you don't mind.

**Mr. Victor Fedeli:** I don't mind at all.

**Mr. Barry Steinberg:** Yes. You probably heard us yelling when we read the initial Bill 141, when we were not mentioned. It's not a matter of architects versus engineers; it's a matter of—if you look at the amount of infrastructure that's out there, most of it is not vertical; much of it is linear, whether it's water or roads, not to mention that engineers play a role. Having key input into infrastructure development and into the development of the regs after the act just doesn't make any sense, and we let the government know that very strenuously.

When Minister Murray was Minister of Infrastructure and Transportation he assured us, and now Minister Duguid assures us, that the wording in that bill will be changed and that it will mention engineers. It's very important to us that we are very much a part of helping develop the regulations that will give that bill some teeth. That's really critical for us.

Now I want to, if I may, just allude to some words that are in that bill, words like "innovation" and "quality" and "evidence-based decision-making." Those words are very important because if you take those words to heart and you think about them, you will think about QBS. The decision will make sense. We are looking forward to playing a more prominent role in the development of all the wording behind that bill.

**The Chair (Ms. Soo Wong):** Thank you very much, gentlemen, for being here, and for your written submission.

ONTARIO HEALTH COALITION

**The Chair (Ms. Soo Wong):** The next group is the Ontario Health Coalition. I believe Natalie Mehra is here. Welcome. Good afternoon. As you've probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from Ms. Fife. Please begin your presentation by identifying yourself and your position for the purposes of Hansard. Welcome.

**Ms. Natalie Mehra:** Thank you, Madam Chair. My name is Natalie Mehra. I'm the executive director of the Ontario Health Coalition. Our mandate is to protect public medicare under the principles of the Canada Health Act.

As I was writing our submission, I realized that a substantial portion of Ontario's hospitals would be, at any given moment, on "code gridlock." That means that all the beds are full. That means that surgeries are being cancelled because there's nowhere to discharge patients after surgery. It means that the emergency departments are full to overflowing, that ambulances often have to wait to off-load their patients and that all staff are expected to work feverishly to discharge patients, ever-quicker and sicker, however they can.

The president of the Canadian Medical Association noted in a speech in November that his hospital, Kingston General Hospital, was on code gridlock for 18 days in October. When he was speaking in mid-November, his hospital had been on code gridlock for 25 days consecutively, this despite the fact that that hospital meets or exceeds the provincial government's benchmarks for so-called efficiency measures like patient throughput; that is, how fast you move patients out of the hospital.

In fact, the cuts that are happening to Ontario's hospitals are devastating. The depth of the cuts at this point is truly shocking. Here is a recent summary of the cuts that have happened just over the last few months:

In Leamington, birthing and maternity services are slated for closure. At top speed, it takes 45 minutes to travel to Windsor in perfect traffic and weather conditions. There is no question that women will be unsafe being forced to travel to Windsor to give birth. If you can imagine, women on this committee, travelling an hour or more in a snowstorm to give birth—this is not a reasonable cut to service for a hospital in a community the size of Leamington.

Moreover, the Windsor hospital is full. There is no place to put patients. In fact, patients are being birthed not in proper maternity rooms right now in Windsor. There is no planning for where the women are supposed to go when these services are cut. In fact, the Windsor hospital is frequently full, and the Essex county EMS reports in its 2014 budget report that ambulance off-load delays at the Windsor hospital continue to be a persistent and significant burden on the EMS.

The next-closest hospital to Leamington is Chatham. That hospital is also full. It takes an hour in good weather with no traffic to get to Chatham. Chatham itself has recently suffered severe cuts. In 2013, Chatham hospital announced that it was closing 22 beds; that is, one in every 14 remaining beds in that hospital closed down. In fact, Chatham hospital is itself overburdened because they cut the Wallaceburg hospital just prior to that. All of the remaining complex continuing care beds, labs and endoscopies were cut and closed in the Wallaceburg hospital. That hospital is now down to five beds in the emergency department. You get the picture.

In New Liskeard, in the late fall, it was made public that the operating room would be closed 50% of the time and 18,000 hours per year of nursing care were to be cut.

In Timmins, the hospital plans to cut 26 of its remaining beds. That's 16% or one in every six beds in the Timmins hospital to be cut, as well as physio and 40 staff positions.

In North Bay, the mental health rehabilitation unit is closing, including eight beds. There are no community services to provide the level of care required by these patients. They will end up in the emergency department of that hospital, which is already overburdened. In addition, more than 56 staff, including more than 50,000 hours of nursing care, are being cut.

In Sault Ste. Marie, 50 hospital beds, 12,500 hours of nursing care; in December all of the remaining beds in the Penetanguishene hospital were cut and closed. That community has had charitable or public hospitals in it since the 1600s but today were told, "We can no longer afford a public hospital in Penetanguishene."

**1630**

In the Georgian Bay General Hospital, which is the amalgamation of Penetanguishene and Midland, 36 complex continuing care rehab and palliative beds were cut. That's 30% of the remaining hospital beds, or one third, being closed down despite the fact that both those hospitals were at 100% capacity.

In December, the endoscopy unit at the Charlotte Eleanor Englehart Hospital in Petrolia was closed down. In the fall, the Huron Perth Healthcare Alliance—that's Stratford, Seaforth, Clinton and St. Marys—closed 17 beds across the alliance, centralizing the remaining acute care beds into Stratford and leaving more of a proportion of the beds, the more unstable beds, the beds that are likely to be cut in the future, in the smaller hospitals. You can see what they are setting up to do down the road.

We are hearing that devastating cuts are coming once again to Trenton and Quinte.

These are not the only cuts. These are only the cuts that have been announced in the last couple of months, the last two or three months.

In the last year, the Scarborough Hospital made public its plans to close 20 surgical beds, two operating rooms, thousands of surgeries, out-patient clinics and tens of thousands of nursing hours. The Ottawa Hospital cut 290 nurses, health professionals and support staff, more than 500,000 hours of patient care, 16,000 cataract surgeries. Out-patient physio at Markham was closed.

There are major cuts at the Winchester District Memorial Hospital. Cuts happened all across Renfrew, Perth, Smiths Falls, Arnprior and all across southeastern Ontario. In addition, the Wingham hospital has also faced major cuts.

In fact, from the largest hospitals in Ontario to the smallest rural community hospitals, the cuts in Ontario are unprecedented and devastating. In fact, Ontario hospital budgets have been kept at below the rate of inflation now for more than seven years.

Since 2012, Ontario global budgets for hospitals have been frozen. That means in real dollar terms, hospitals have been cut for seven years in a row. That is the longest hospital restructuring and cuts of any time in our province's history.

Lest you believe there is somewhere for all of these patients to go, the wait-times for long-term care show otherwise. In the Erie St. Clair CCAC—that's where all the cuts are down by Windsor, Leamington, Chatham, Wallaceburg etc.—2,015 are on wait-lists for long-term care. Champlain—that's southeastern Ontario, where the huge cuts happened in Ottawa, Renfrew, Perth, Smiths Falls etc.—7,163 people are waiting for long-term care. In the North East CCAC—that is Timmins, Sault Ste. Marie, North Bay, all of those cuts—1,377 people are waiting for an initial placement and 723 to get into their preferred home. In the North West CCAC, 872 people are waiting.

So just in the four CCACs covering the four corners of Ontario, there are more than 11,400 people waiting for long-term-care placement.

The impacts have been, of course, disproportionate on small and rural hospitals. While we had achieved a moratorium on the wholesale closures of entire communities' hospitals four or five years ago with the closure of Penetanguishene's hospital, it appears that this moratorium has been lifted and yet there is no policy to guide this in Ontario. There is no planning. There are none of the norms of measuring and attempting to mitigate patient risk, of planning a health care system to provide for patient need, for population need for care—none of those are any longer being undertaken.

We are extremely concerned now that potentially dozens of small-town hospitals are at risk for total closure. Indeed, in Niagara, the plan is to close five entire community hospitals in towns as big as Welland, which has 50,000 people.

There is nowhere in Canada where governments are closing hospitals in towns that are full—by the way, overfull, more than full, patients on stretchers in hallways every day—in towns of 50,000 people. It's reckless. There is no policy to support it; there is no planning to support it. The hospital cuts must stop.

**The Chair (Ms. Soo Wong):** Ms. Mehra, can you wrap up your presentation so that Ms. Fife can ask you some questions?

**Ms. Natalie Mehra:** That's good. Thank you.

**The Chair (Ms. Soo Wong):** All right, Ms. Fife, it's your turn to ask questions.

**Ms. Catherine Fife:** You know, Natalie, I don't even know what to say. We've been travelling around the province for the last two weeks. I wish I could say that the numbers that you are using are a shock to us. They are, in some respects, because you've gone through the numbers, the scope of it.

In the 2014-15 so-called progressive budget, there was supposed to be a small increase to health care funding and a "hold the line" on it. What we're hearing is completely the opposite in this province around health care.

It's true: A flatlined hospital budget is a cut, because it is not keeping pace with the growing needs in those communities.

Your numbers in particular around long-term care and the wait-lists for long-term care across the province—I haven't seen these numbers consolidated in one report yet. As you know, there is a home care report that's supposed to come forward this Saturday, the deadline for deputations—it's going to be reporting back this week—and the Auditor General is auditing CCACs.

What should the province do with regard to the budget and reform around, in particular, home care? Because we're at a crisis with home care and long-term care.

**Ms. Natalie Mehra:** In Ontario, hospitals are not allowed to refuse patients entry, right? They're not allowed to say, "You can't come in the front door unless you have money." However, hospitals are required now to discharge patients, ever quicker and sicker, regardless of whether or not there is care in place for them. If hospitals are forcing patients out the back door, with no care in place, it's the exact same thing as not letting them in the front door in the first place.

**Ms. Catherine Fife:** For sure.

**Ms. Natalie Mehra:** (1) The incentive to kick patients out, without care in place, should be removed. There should be a regulation that bans hospitals from discharging patients unless there is care in place.

(2) They have to fund hospitals to meet population need, and they actually have to measure—the government must measure—population need, like every jurisdiction that has a public health care system does. Only Ontario does not. The last bed study that was done was in the mid-1990s, under the hospital restructuring commission. Since then, there has been no plan whatsoever. Dealing with just measuring and trying to develop a system to meet population need would be good.

The CCACs are not required to meet population need for services. While they are getting a lot of the flak for not doing that—a lot of the criticism may be valid, but that one is not. That is the government's decision, to ration home-care services, and it's government policy. The government is accountable for it, not the CCACs.

**Ms. Catherine Fife:** I just want to give you a chance to talk a little bit about privatization. It has been suggested to us, through several delegations—even the RNAO earlier today talked about the creeping of privatization of services—not just the capital, the P3s, but the actual health care services.

So when you see all of these closures—people really feel that this is intentional, that the government is creating a private market for health care services. Do you want to comment on that?

**Ms. Natalie Mehra:** Whether intentional or not, a private market for health care services is being created. Every service that has been cut from public hospitals is privatized.

Outpatient physiotherapy has been cut all across Ontario. If you don't have it in your local public hospital, you have to seek it out in a private clinic. There are huge waits for OHIP-covered physio. In a private clinic, it costs $70 to $100 for your first assessment, and $50 to $70 for every treatment thereafter. That's a huge burden for people getting physio two or three times a week, to recover from surgery or a stroke or what have you.

Chiropody, privatized; speech language pathology, huge wait-lists: If you want it publicly, you've got to pay for it privately.

Now they've got a plan to cut surgeries and diagnostics from public hospitals and contract them out to private clinics, despite the fact that the private clinics that exist, like the cataract clinics in Ontario, are charging a whole array of extra fees, from hundreds to thousands of dollars, on top of billing OHIP for the same services, upselling them to patients, telling them that they show medical efficacy, for which there isn't proof, to rake in the profits.

**The Chair (Ms. Soo Wong):** Thank you very much for your presentation, and thank you for your written submission as well.

**Ms. Natalie Mehra:** Thank you.

**1640**

## ONTARIO UNDERGRADUATE STUDENT ALLIANCE

**The Chair (Ms. Soo Wong):** Our last presenters are the Ontario Undergraduate Student Alliance: Sean Madden. Welcome, Sean. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin at any time. Please identify yourself and your position with the Ontario Undergraduate Student Alliance.

**Mr. Sean Madden:** Thank you to everybody on the committee for having me here today. I know it's a pretty gross day, so I'll try to be under the wire in terms of time so everybody can get home safety.

My name is Sean Madden. I am the executive director of the Ontario Undergraduate Student Alliance, affectionately known as OUSA. OUSA is an advocacy and research organization representing the interests of nearly 150,000 undergraduate and professional students at seven institutions across Ontario. Our mission is to provide educated solutions to issues of accessibility, affordability, accountability and quality in our university system.

Our submission to the committee builds on July's throne speech, in which the government reiterated its commitment to grow the economy and support all people of the province by investing in education and the skills necessary for new growth. Indeed, education remains a key strategy for fostering innovation and stable economic growth in the province.

Further, education remains an important social equalizer and offers significant personal and social benefits. Investments made in education and the people undertaking education, then, are just that: investments. In that vein, I am here today to offer OUSA's recommendations for the 2015-16 provincial budget.

OUSA's recommendations for the majority of this submission strive for cost neutrality and seek to more efficiently use existing resources where possible. Overall, we feel that these suggestions are investments in creating a system that benefits all of the province. Our submission to the committee, the Ministry of Finance and other stakeholders is focused around, unsurprisingly, student financial assistance, student health, infrastructure and university performance funding.

Beginning with student financial assistance, of course, you're likely to hear from us that student financial assistance is crucial to many students' participation in post-secondary education. Ontario makes significant investments in student aid, and the aid program has many components that we can all be proud of.

However, there is one considerable investment that Ontario makes in student aid that could be better used through other programs. I've spoken to many members of the committee about this, so it's perhaps not surprising that I'm here again talking about post-secondary education and tuition-related tax credits. These credits are available to every student who participates in an accredited college or university program. Credits are accrued through a combination of a monthly flat amount and a percentage of their tuition. Credits are non-refundable, meaning that they cannot reduce a person's taxes below zero and require a certain level of earnings before being redeemed. Credits can be used in the year of issuance, carried forward for future use or transferred to a family member.

The province invests significant amounts in these credits—roughly $330 million to $340 million in each of the last two years. However, these credits are often not well understood, and the vast majority of students do not earn enough money in the year that the credits are issued to have them take effect. Instead, they pass them forward or on to family members.

Unfortunately, while credits are nice in the years when one starts earning money, they tend to degrade in value the longer you wait to redeem them. Some of that problem is simple inflation or lost opportunity cost, as they are based on the value of tuition in the year they are issued, and $1 in 2015 is not $1 in 2019. However, if you're simultaneously servicing debt that could have been avoided while waiting to realize these credits, they further lose value. Credits instead tend to benefit those families with higher incomes, both in the long run and in the year of issuance, with those families in the top income quartile claiming credits in amounts nearly four times those in the lowest in the year of issuance. Further, the credit has a hand in reducing the effective tax rate of those with higher income, making it extra impactful for higher earners.

Instead, OUSA suggests that the government should cease issuing these tax credits and, as savings are realized while honoring outstanding credits, reinvest that money into existing aid programs. OUSA recommends that the government commit to reallocating up to the $340 million budgeted for these credits in the 2013-14 fall economic statement and consider reinvesting in the following programs: removal of the interest on the Ontario portion of student loans; adjustments to the expectations around parental contributions; adjustments to the Ontario Student Assistance Program living allowance; and expansion of eligibility for the 30% Off Ontario Tuition Grant. I can think of few public policy decisions that would have the public understanding and impact of reducing interest or allowing more access to OSAP and the 30% off grant for middle-class students and their families.

Moving on to infrastructure, the physical spaces in which learning occurs can sometimes be nearly as important as what is being taught in them. Unfortunately, Ontario's universities are facing some challenges brought on by aging infrastructure, rapid growth and changing use of space.

Space per student has been increasing at just a little over half the rate of enrolment growth in the province. Furthermore, space is often not keeping pace with priorities of students and governments, including student services and supports; health, wellness and recreation; and adaptive or innovative learning spaces.

Audits of infrastructure at Ontario's universities report more than $2 billion in deferred maintenance. The average age of a university building in Ontario is nearly 35 years old, and more than 35% of university buildings are over 40 years old. Some estimates have put the number of university buildings in poor condition at over 40% of the total. While the province's announcement that it would be spending $500 million to address deferred maintenance over 10 years was certainly a welcome announcement, there are some suggestions that OUSA would make in this submission to ensure that that investment and other infrastructure investments are most impactful.

The first thing put forward in our submission is to earmark, either through new funds or, understanding the current fiscal climate, through existing funds, an envelope of funds within university budgets to be only used for deferred maintenance. For years, universities system-wide have had an annual $17 million earmarked for ongoing maintenance. The additional funds budgeted for this year and the next nine bring that amount up to about 0.25% of the current replacement values for the buildings that comprise the university system. However, best practices in this area suggest committing at least 1.5% of the current replacement value to preventative and ongoing maintenance. OUSA suggests that universities have funds sufficient to that goal earmarked for maintenance.

Building on the importance of addressing the deferred maintenance problem at our universities, OUSA further suggests that a portion of planned or new infrastructure funding for universities be distributed as part of a matching program that encourages donors to invest in the retrofit and upgrade of existing buildings in order to give these important projects more comparable billing to new builds. As you're probably well aware, fixing the HVAC in a building is not nearly as sexy as cutting a ribbon in front of a new building, but is probably as important.

In a similar vein, OUSA feels that existing performance funding and reporting funds could be better used to support behaviours that merit a system-wide effort by universities. These funds total nearly $120 million annually but are rarely withheld and rarely require significant activities to earn. Let's really align these funds with things that we want system-wide. For example, efforts by universities should be enhanced in the areas of work-integrated learning, co-operative education and community service learning, which have tremendous post-graduate benefits for students, preparing them for the job market and linking industry and education.

Credit transfer is another important area that can present significant savings for the province and for students. Whenever a student is forced to duplicate a portion of their education, it has very real costs both for the student, through tuition, associated costs and opportunity costs, and also for the government through the grants that it pays per student to institutions. University performance and performance funding should be measured on their efforts to provide for credit transfers and credit transfer supports to avoid this duplication.

Finally, student health and health care provision is an increasingly important component of university life. With nearly 70% of our youth attending a post-secondary education institution at some point, health care on campus, or facilitated partnerships with the community, is more than a student priority; it's an Ontarian youth priority. Where university and health support services are often the first to face cuts when there are budget crunches, OUSA feels that some funds should be consistently earmarked exclusively for these services, or otherwise university performance funding should be leveraged to encourage the availability of these services. Similarly, this is an important time and an important opportunity in the lives of youth to deal with preventative health practices around diet, active living, time management and that sort of thing. This might be a possible avenue for performance funding as well.

However, health care on campus remains a larger priority than what is possible through the Ministry of Training, Colleges and Universities. What we need is better integration with the Ministry of Health and Long-Term Care and on-campus health care activities. We encourage the province to explore measures that might better include rostering of student populations between their home health care and the services they use while they are away in order to better have funding follow students around and address concerns about outside-care provision penalties that exist with family health teams or family physicians. Similarly, exploring the designation of on-campus health care as a family health team or community health care centre might provide integration with local resources while ensuring consistent funding for on-campus health care and also possibly bringing the community into campus health care centres when usage patterns allow it.

OUSA understands that meeting the government's deficit elimination targets will require a careful approach in the intervening budgets. To that end, we've attempted to keep our suggestions built around existing resources. However, we also want to use this opportunity to highlight post-secondary education as an important investment in the overall economic health of the province and its people and, so, worthy of some new investment in order to ensure access for students from all walks of life.

**1650**

Thank you for receiving our submission today. I welcome any questions that the committee might have.

**The Chair (Ms. Soo Wong):** Okay. Mr. Baker?

**Mr. Yvan Baker:** Thanks very much. I wanted to first of all thank you for coming in and compliment you on your presentation.

**Mr. Sean Madden:** Thank you.

**Mr. Yvan Baker:** I also wanted to say that I had a chance to meet with your representatives about a month or so ago, or two months ago. Their presentation was also quite impressive. You guys are quite organized. The paper you've put together here for us is quite well put together and articulately put together, but also evidence-based, so I compliment you on that.

**Mr. Sean Madden:** Thank you very much.

**Mr. Yvan Baker:** I wanted to say a few quick things. I think a lot of the issues that you've raised have certainly been recognized by the government. I know you've spoken to the tax credit issue, and I appreciate that input. Certainly, the amount invested in that was meant to drive accessibility, and I know that has been an important—when I knocked on doors in my community and when I speak to people, they appreciate the value of that. We'll take your feedback back on that as well.

**Mr. Sean Madden:** Thank you.

**Mr. Yvan Baker:** Also, I know that there has been a commitment in the previous budget by the government to increase co-op and work-integrated learning; so there's certainly a recognition by the government that these things are important.

What I wanted to ask you about, though, was to delve into a couple of things that you spoke about, if I can. I could ask you a lot of questions, but there are one or two that I want to touch on, if I can.

One is the role of performance measures and performance funding. Could you just talk about why performance measures are important and why performance funding is important?

**Mr. Sean Madden:** I think that—and this is probably no surprise, and it's probably not unique to the university sector—definitely the best way to incentivize behaviours of course is to have a carrot or a stick. Traditionally, carrots seem to have worked very well with universities. The university funding structure has traditionally been sort of a mismatch of program built on program built on program over the last 50 years, and so it has included some artifacts that include a very small envelope for performance funding and an even larger envelope to incentivize reporting.

That funding was welcomed to the universities and did result in some reporting behaviour, but has never been really leveraged as a true performance funding scheme in that, as far as I'm aware, nobody has ever not gotten it. Realizing that there's this pool of money available in the budgets that's intended to earmark behaviour and steer behaviour in a very responsive way, it already being part of the budget, it's our hope that it can truly be aligned to those priorities.

When you have $120 million annually, universities are going to want to chase that. We just need to make them chase it.

**Mr. Yvan Baker:** Okay. You've talked in your paper here in the latter pages about some of the things that you'd like funding to drive, some of the incentives that you'd like to create for universities. You talked specifically about work-integrated learning and challenges young people face in entering the labour market. I can certainly appreciate that. I myself had challenges entering the labour market. I have taught at York University for the last four years and I've certainly spoken with a lot of students who have faced that challenge. So we know it's a challenge.

Now, other than the work-integrated piece, which I think you've talked about here, are there other things that the universities can be doing to help young people enter the labour market successfully?

**Mr. Sean Madden:** Co-op is probably the best one that I can think of. I'm hesitant to say that the role of university should be entirely to align with labour market expectations. Universities are way too unwieldy for that, and it's probably an expensive avenue to go about that. So really, work-integrated learning programs are good in that they can incent employer participation and they can get employers involved in training, curriculum development and that sort of thing, so that seems the best avenue to kind of steer, from a labour market perspective anyway, that sort of thing. Generally, I caution against universities being the absolute answer for these things. I think employer training is more likely the thing to incent. That just seems like more bang for your buck. But there's a really unique experience and a job-preparedness experience that comes from work-integrated learning and bringing employers into the program in that way.

From a labour market perspective, my top thing probably remains WIL, but I think we could do a better job of expanding the definition of work-integrated learning beyond the traditional co-ops. Some universities aren't equipped to do it very well. University of Waterloo is, of course, the titan in the co-op field, but other places are exploring some pretty cool things that are being done that aren't treated like traditional work-integrated learning, and so we could explore those as being important in helping students prepare to articulate what they've learned at university and to identify potential career strengths and interests. But let's broaden the definition a little bit.

**The Chair (Ms. Soo Wong):** Okay, Mr. Madden. Thank you very much for your presentation and your written submission.

Folks, that ends today's presentations.

Ms. Fife?

**Ms. Catherine Fife:** I just wanted to follow up on a research request from this morning. The Ontario farmers' association highlighted the fact that to date they haven't seen any funding for natural gas infrastructure and yet it was acknowledged in the 2014-15 budget. I'd like to find out if that funding has flowed and what is the mechanism for that, if possible.

**The Chair (Ms. Soo Wong):** Are you talking about the Ontario Federation of Agriculture?

**Ms. Catherine Fife:** That's right. Sorry.

**The Chair (Ms. Soo Wong):** Thank you.

Any other comments, questions? Seeing none, I'm going to adjourn the committee today till tomorrow morning at 9 a.m.

*The committee adjourned at 1656.*

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