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Monday 1 February 2016

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Lundi 1er février 2016

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Pre-budget consultations

Consultations prébudgétaires

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Monday 1 February 2016

Lundi 1er février 2016

The committee met at 0900 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Ms. Soo Wong): Good morning. I'm going to call the Standing Committee on Finance and Economic Affairs to order. We are in Toronto.

Ms. Albanese.

Mrs. Laura Albanese: Thank you for recognizing me, Chair. I would like to ask for unanimous consent on a motion.

The Chair (Ms. Soo Wong): Unanimous consent has been asked of the committee. To do what, Ms. Albanese?

Mrs. Laura Albanese: To move a motion.

The Chair (Ms. Soo Wong): Okay, does everybody agree to this request?

Interjections.

The Chair (Ms. Soo Wong): I think she's going to read it.

Mrs. Laura Albanese: Yes, I shall read it.

I move that the Chair of the Standing Committee on Finance and Economic Affairs extend an invitation to Minister Charles Sousa to attend pre-budget consultations on February 2, 2016, at 12 p.m. for 40 minutes; and

That Minister Sousa be called upon to provide the committee with an update on the pre-budget consultations that have been conducted by the government, with 10 minutes allotted to the minister's presentation, followed by 11 minutes for the official opposition, 11 minutes for the third party and eight minutes for the government for questions and a discussion on what the committee heard during pre-budget consultations.

The Chair (Ms. Soo Wong): Do we have any debate or comments on the motion?

Ready to vote, everybody? All those in favour of the motion? All those opposed? Carried.

TORONTO AND YORK REGION LABOUR COUNCIL

The Chair (Ms. Soo Wong): We're back to the pre-budget consultations. Good morning. I believe the first group before us is the Toronto and York Region Labour Council. Mr. Cartwright, welcome. Thank you for being here.

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. When you begin, please identify yourself for the purposes of Hansard. Thank you.

Mr. John Cartwright: Good morning. My name is John Cartwright. I'm the president of the Toronto and York Region Labour Council. It's hard not to address the Chair as Trustee Wong or one of your colleagues as Councillor Milczyn.

I'm here to talk about the 2016 budget and the labour council's presentation, which you have in front of you, along with an article that was published in yesterday's Toronto Star over my signature talking about the urgency of action on climate change.

I want to start the presentation by saying we have five principles that we think should be applied to this 2016 budget.

The first one is the urgency of climate change and applying a lens of climate change to all decisions being made by every ministry of this government. All of the new infrastructure needs to be designed to take into account the lowest possible carbon footprint. Economic development policies have to be designed along that way. Carbon trading: The funds from that should be reinvested in green technology.

I have long experience in the issues of a green economy and green building, heading up the building trades council in the early 1990s, when we had terrible unemployment, and seeing the opportunities that were created through the Toronto buildings partnership, putting thousands of tradespeople and apprentices back to work doing energy retrofits, buildings coming out much more competitive in terms of carrying costs, and massive reductions of CO_2 emissions. That was extended across the country through the Federation of Canadian Municipalities' green building fund. Those kinds of initiatives need to inform every kind of decision that this government is making in all of its policies and can lead to tremendous opportunities for jobs.

I was fortunate to be one of the Canadians in Paris at the COP21 summit and saw the incredible advances that have been made in Europe. In fact, we are 10 years behind many of those jurisdictions. While people think about Germany and Denmark, in fact, the French are far ahead of us on every aspect of this kind of work. Of course, when you invest in climate change adaptation/mitigation, you create not only good things for the earth, but also tremendous potential for jobs and business opportunity.

I have bargained collective agreements for most of my adult life, and I have to say that we all have to know that I can bargain 10 cents an hour more for people and you can make the best decisions for government, but if we don't tackle the issue of climate change and our grandkids cannot breathe the air and drink the water, we will all have failed.

That's why the labour council is saying to every level of government that the first issue is understanding the commitments that we made in Paris—that Premier Wynne made, that Glen Murray made, that Justin Trudeau made, that every Premier and environment minister and the mayor of Toronto all made—to embrace a significant reduction of CO_2 emissions. That has to infuse into the decisions of this committee, because money is politics. We can have all the best policies in the world, and if you're not weaving that thoroughly into every aspect of your finances, we're not doing our appropriate job.

The second issue is on revenues. I've appeared in front of a number of pre-budget consultations, and I'll always remember, each time Minister Dwight Duncan was holding one of those and talking about money being tight, we would say, "Well, excuse me. You've just reduced corporate taxes yet again, and that's going to cost hundreds of millions of dollars." Every budget has two aspects, an expenditure and a revenue aspect, and you keep reducing public revenues. That's crazy.

In fact, we've seen what has happened with the money that corporations have saved from almost $2 billion less in corporate taxes that they pay into public revenue: some $600 billion in "dead money," as the Bank of Canada chief talks about, and an orgy of mergers and acquisitions. That's what they are doing with the money. They're not investing it in new product and new capacity. They're not investing it in new workforces or decent jobs. They are taking it and running, laughing, to the bank, while ordinary people are paying far more in user fees and far more to the private sector, and the public services they rely on are being stretched all the time.

In priority 2, we talk about the things you could do to restore public revenues. That's instead of the ludicrous concept of selling Hydro One. I have to say in the strongest possible way that our labour movement as a whole objects to the privatization of Hydro One. We think it's not only wrong-headed, but when we look back in Europe, in many cases they're bringing hydro systems back into public control because they need that as a key environmental tool to sustain and achieve the goals that are there. And the money does not pay back. You're losing the golden goose in terms of revenue for one-time fixes, which is very short-sighted.

The third priority we talk about is the structural inequities and ideological distortions left over from the Harris years—and, I might add, some of the Harper years as well.

I was with Art Eggleton recently and looked at his report on Toronto Community Housing and the tremendous difficulties that that organization faces: $2.6 billion in backlog just to make those houses achievable, let alone the kinds of opportunities that are there to do energy and green design in those upgrades. In the report, he points out that the province's contribution to Toronto Community Housing's operations has been reduced in the last few years, from 31% of the total to less than 10% this year. That's irresponsible. That's downloading that was started by the Harris government and continues to this day.

We still have transit that is not being supported by the operating funds that are required. We have the funding formula for schools, which is still wrong and does not adequately support our schools. What we have instead is more and more privatization of key services like transit systems and hospitals, and you're going to hear a lot about that from many other deputants.

The fourth point is equity. This province, I think, with this Premier, has somebody who cares deeply about equity in all its forms. But we have to find a way that equity is woven through budget decisions and ministry decisions. We want to ensure that more people have better incomes, and the way to do that is to improve workers' rights to have unions, to raise the minimum wage, to update employment standards.

We've worked with Metrolinx and the province to create the Toronto Community Benefits Network and community benefits at Metrolinx. Those are the kinds of things that I think the province is talking about putting in all of the IO infrastructure. That has got to be part of everything we do in the future.

0910

Finally, social infrastructure: We know the aging population is putting more and more strain on our budgets, on health care and social service budgets. We need to look clearly at, as Gretzky says, not where it is today but where it's going to be some years from now around aging demographics, but also around obesity and health issues for young people, around social services that stop youth violence, and then that allows the next generation of affordable post-secondary education. I think you're going to hear about that later on this morning.

Our labour council represents over 205,000 women and men who work in every sector of the economy. We've been at this discussion for 145 years. For 145 years, the labour council has, just in Toronto, led the fight for social, economic, racial and environmental justice in our city, our province and our country.

I thank you for taking our submission this morning.

The Chair (Ms. Soo Wong): All right. Thank you, Mr. Cartwright. I'm going to Ms. Hoggarth in this round of questioning.

Ms. Ann Hoggarth: Good morning. Thank you, John, for your presentation. I enjoyed your article in the Star. Believe me, Minister Murray does look at everything that the government does through a climate change lens. We are very lucky to have such an enthusiastic minister.

Mr. John Cartwright: Absolutely.

Ms. Ann Hoggarth: Also, the actions that we've taken, such as changing some of the materials that are used in building—we financially support solar energy and we are investing a lot in infrastructure. We think that's very important and that does contribute to climate change. Actions like this, besides helping to reduce climate change, also, as you say, create jobs and help our economy. I'd like to thank you for your positive comments and suggestions in the article.

Before our government came to power, the minimum wage was frozen at $6.86 for eight years. We knew that Ontarians deserved and expected more than this. Last year we took the politics out of Ontario's minimum wage through the Stronger Workplaces for a Stronger Economy Act of 2014. Minimum wage increases are now tied to inflation.

In light of this, how has this positively affected the workers in the Toronto and York Region Labour Council?

Mr. John Cartwright: Well, I led the fight for the $10 minimum wage and in fact sat down and met with Greg Sorbara to shape what he was going to announce at a budget some years ago, when it went from $8 to $10.25 over three years. That has been a positive improvement for many people.

But believe me, there are far too many Ontarians right now working for poverty wages, working two or three jobs with precarious situations and more and more working for temp agencies, often for multi-billion dollar companies. Those same multi-billion dollar companies, which have had their tax rates reduced, are paying poverty wages.

In fact, in some cases in the States, they're looking at something called a low-wage employer tax. Because when companies rely on a poverty-wage business strategy, it means that the public sector picks up on subsidized housing, subsidized transit, subsidized health care etc.

We have to raise the minimum wage but, more importantly, we have to strengthen workers' rights to have collective representation—that's what trade unions are about—in order that they can actually bargain not only increased wages but also benefits. The fact that the vast majority of people with no union have no pension tells us we're going to have a crisis of retirement in the next period of time. The fact that the vast majority of non-union companies don't actually properly train apprentices tells us why we have to have a strong commitment to apprenticeship and taking those skills for a green economy.

I have no doubt that Minister Murray is a fine advocate for that. I've known Glen for a long time and meet with him from time to time. I also understand bean counters. You're on a budget committee and there are people here, as I've seen time and time again in my years of work, who count the beans, count the pennies, and don't think about the operating costs down the line.

I know, in the past, when we've built, for instance, co-operative housing, we had a financial frame and, for 3% more, we could have reduced operating costs 10% to 15% every year after that, but the bean counter had built a different frame. So when we say that you need to put a green lens on every decision, that means your job as a finance committee, is to go and fight within the government—and the opposition parties to fight as well—to demand that the climate change action lens—the commitments we've made in Paris—is actually the number one priority on all decisions.

Ms. Ann Hoggarth: Thank you.

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

ONTARIO HEALTH COALITION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Health Coalition. Good morning. Welcome back. I know you're a familiar face, Natalie.

As you've probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party. You may begin at any time. When you begin, can you identify yourself for the purposes of Hansard, please? Okay. Thank you.

Ms. Natalie Mehra: Sure. Thank you very much. My name is Natalie Mehra and I'm the executive director of the Ontario Health Coalition.

Usually when we appear before the Standing Committee on Finance and Economic Affairs, we focus on the key-issue areas in which we are doing work: hospital care, long-term care, home care and primary care. This year we've decided, because of the seriousness of the situation, to focus our presentation and our submission on one topic only, and that is the topic of hospital cuts.

It is our recommendation to the government that the hospital cuts must stop immediately, and that Ontario's hospital funding levels must be increased to meet at least the provincial average of the other provinces in order to stop the devastating cuts to local hospital services and restore care.

The evidence is that Ontario's government has cut hospital care to the lowest level of all provinces in Canada. As illustrated in the charts in our submission, you can see that Ontario now has, by far, the fewest hospitals beds left of any province in the country. That's by a significant margin: Ontario has 2.3 hospital beds per thousand; the average of the rest of Canada is 3.5 hospital beds per thousand.

In fact, it's not only by national indicators that we are at the bottom in terms of the number of hospital beds left, but looking at the entire OECD—I'm plotting Ontario against the OECD chart for hospital beds per thousand population—Ontario has now dropped to third from the bottom, followed only by Chile and Mexico, and is far, far below the OECD average.

Another key indicator of the levels of hospital care available is the level of nursing hours per weighted care or per average patient stay. Ontario is far below the rest of the country in terms of nursing hours per patient. As of 2011-12, the latest year for which data is available, we were 6.1 hours below the average of the rest of the country, and that gap has grown significantly. It grew by 69% between 2007-08, the first year in which hospital budgets were held at less than the rate of inflation, and 2011-12.

Eight years of real dollar hospital cuts mean that Ontario has dropped to the bottom of the country in hospital funding by every reasonable measure. On a per person basis, we are second last, followed only by Quebec, and we are far below the national average. Ontario funds our hospitals at $500 less per patient than the average of the other provinces in Canada.

As a percentage of provincial GDP, which is the measure of sustainability, Ontario is second from the bottom of the country and far below the national average.

As a percentage of provincial program funding or spending on all government programs and services, Ontario is third from the bottom of the country, followed by Saskatchewan and Quebec, and far below the average of the rest of the country.

The evidence is that Ontario has cut hospital beds and services more than anywhere else in Canada and that there is significant room, both on a sustainability basis and a per capita basis, to improve hospital funding.

The consequences for patients are now profound. I was on a radio show recently and a woman called in. Her friend had been taken to the emergency department—she had cancer—and her friend and her husband had accompanied her to the emergency department. They were told that she would be staying in the hospital overnight, so they went home. But the hospital needed her bed and, in the middle of the night, they discharged her and sent her home in a taxi. She was so weak that she was unable to knock at her door and wake up her husband to let her in the house. She collapsed on the front steps of her house and she waited until morning; her husband found her when he went out, ironically, to go to the hospital to see her. This is not the only case in which we hear of hospital patients discharged so frail that they cannot get up the front stairs to their own house.

0920

We hear routinely of patients left—I know that our local coalitions have presented this to you across the province—on stretchers for days in hallways in hospitals—hospitals that are the most overcrowded in the entire industrialized world. Surgeries are being cancelled. In southwestern Ontario, more than 500 surgeries have been cancelled and will not be restored until the end of this fiscal year, which is after April, because there is no budget money left for those hospitals to provide surgeries. Patients in Woodstock are being told that they can't get cataract surgery until after April. But if they'll get on a bus, their doctor will set up an appointment at a private clinic where they could pay $1,000 to get their medically necessary cataract surgery—in violation of the Canada Health Act.

It is beyond time that the hospital cuts in Ontario stop. Thank you.

The Chair (Ms. Soo Wong): I'm going to turn to—Ms. Munro, are you going to take the lead for this question? Mr. Barrett; go ahead.

Mr. Toby Barrett: Thank you, Chair. Thank you to the Ontario Health Coalition. We've had a number of presentations on health over a number of days at the finance committee, some of them focusing on hospitals. I know there's one that stands out in my mind. It was the Sault regional hospital. We talked about activity-based funding and how that has changed—and this has certainly been pointed out over the previous week—essentially a zero-funding environment over four years, and the talk of how this shakes out as far as the cost of living and what have you, a decrease in real terms.

We heard a lot about downsizing and consolidations. I know your brief makes mention of Niagara service cuts and bed cuts, and the result of that and the impact on mortality, morbidity and infection. I assume all of this can be measured—we haven't really seen a lot of concrete numbers before this committee about the impact of releasing patients early, which has been going on for a number of years.

The reasons for this: You make mention of the freezing of budgets and other factors such as the increase in the cost of electricity; the increase in the hospital budgets to purchase drugs and medical supplies, for example; and 70% of the cost, which is an increase in cost for the Sault hospital, is compensation and pensions.

Do you have any comments on this mix? Is this basically how your organization sees it?

Ms. Natalie Mehra: Yes. In fact, the staff complement has been reduced quite dramatically over the 15 years that I've been the executive director of the Ontario Health Coalition, as a share of hospital spending. I think you're completely right that costs are escalating. What's important to note is that Ontario has frozen hospital global budgets for the last four years. So in real dollar terms those are cuts, but for the four years preceding that they also increased hospital funding at less than the rate of inflation. That's the longest stretch in Ontario's history of hospital cuts, and there's no end in sight.

Today, planning bears no relationship to actual population need for services. The last actual measure of population need was in 1992, which was more than two decades ago now, and there is no plan to even try to meet population need for care. That is a huge problem that's causing enormous suffering across Ontario in the Soo, all across the north. All of the hospitals in northeastern Ontario are facing significant cuts, all across southern Ontario—hospitals of every size in every geographic region of the province.

Mr. Toby Barrett: The term that's used is "activity-based funding." I'm assuming that's a change from what I would call global funding. Does this take decision-making away from a hospital administrator?

Ms. Natalie Mehra: Absolutely. What it means is that it's really a set-up for a price-based competition for services. Hospitals get paid for volumes of services. They have to meet a volume and price target. They say it's a quality and price target, but really it's a volume and price target. If a hospital cannot meet the price target for cataract surgeries, for example, it doesn't get those volumes of cataract surgeries; they're moved and patients have to travel across the province to the nearest hospital that provides cataract surgeries.

The vision is that every hospital would shrink the scope of services they provide and patients would have to travel from hospital A to B to C to get different services: over here for your cataracts; over there for your hips and knees; over there for your MRIs.

Without really telling Ontarians openly, the plan is to dismantle community hospitals that Ontarians have built over the last 100 years and create specialty sites in different areas and force patients to travel. What it also means is that there are quotas, and once a hospital reaches its quota, say, for hip and knee surgeries, as has happened in London and Woodstock, they can't do any more regardless of community need. So in winters when it's icy and people fall and there are a lot of hip surgeries that are needed, once that money is used up, everyone who is waiting for surgery then has to wait till the start of the next fiscal year. There's no relationship whatsoever to actual patient need.

Mr. Toby Barrett: You mentioned that with the coalition there are 400 member organizations. Is the Ontario Hospital Association a member?

Ms. Natalie Mehra: No.

Mr. Toby Barrett: Or the OMA?

Ms. Natalie Mehra: No. We represent seniors' groups, patients' groups, unions—all of the groups that support public health care in Ontario.

Mr. Toby Barrett: Hospital beds per 1,000 population—the figures here are Ontario at 2.3. I represent a riding of about 110,000 people. We're about half that; I'd like to get up to the 2.3 level, but that's probably not going to happen in rural Ontario.

Ms. Natalie Mehra: What we've seen is that rural Ontario has been particularly devastated by the hospital cuts, particularly those hospitals that were amalgamated in the 1990s. Amalgamation was meant to capture administrative savings. It was not meant to be a carte blanche to close down entire communities' hospitals, gut their services, dismantle their emergency departments, but that is exactly what's happening now. We are seeing yet again—

Mr. Toby Barrett: You're referring to the process where a new hospital was built.

Ms. Natalie Mehra: No, just existing small and rural hospitals that are under threat now of total closures in all parts of Ontario.

The Chair (Ms. Soo Wong): Okay, Mr. Barrett, I'm going to need to stop you there.

Mr. Toby Barrett: Thank you.

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

The next group before us is the Canadian Federation of Students of Ontario. I want to see if they're here. Mr. Woods, we're familiar with.

While the next group is coming before us, the clock at the back is not accurate; it's slow. I'm going to go through based on my BlackBerry, just so everybody knows. That clock is slow.

Is the Canadian Federation of Students of Ontario here?

I'm going to call the next group.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Ms. Soo Wong): Is the Ontario Coalition for Better Child Care here?

Ms. Carolyn Ferns: I'm here, yes.

The Chair (Ms. Soo Wong): Good morning. Welcome, Ms. Ferns. Come on down.

Interjection.

The Chair (Ms. Soo Wong): Perfect. We're really pleased you're here on time. Thank you very much for being here. Ms. Ferns, I'm just going to let you catch your breath. You look like you have some handouts for us.

Ms. Carolyn Ferns: Yes, I do.

The Chair (Ms. Soo Wong): I'm going to get the Clerk to come around and pick it up from you so you don't have to do that.

Ms. Carolyn Ferns: Okay.

The Chair (Ms. Soo Wong): I just want to give you some instruction. When you begin, please identify yourself for the purposes of Hansard. You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official third party. You may begin any time.

0930

Ms. Carolyn Ferns: Thank you. My name is Carolyn Ferns. I'm the public policy coordinator for the Ontario Coalition for Better Child Care. We are Ontario's central advocacy group for a universal, affordable, high-quality system of early childhood education and care.

We were formed in 1981. The OCBCC is a member organization comprised of non-profit child care centres, provincial and local groups, and individuals from all across Ontario. Our members are early childhood educators and parents, centre directors and trade unionists. Most importantly, we're people who care about child care.

There are few better ways to invest in Ontario and in Ontarians than by investing in child care. Child care is a key part of Ontario's social infrastructure supporting the parent workforce. Studies show that child care creates ripple effects in local economies. Research from Manitoba found that every $1 of child care funding 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.

This economic case joins long-standing arguments for funding child care, including benefits to child well-being, child development, women's equality and poverty reduction, work-family balance and social solidarity. I feel that the Ontario government recognizes some of this research, and I know that it has been articulated as a priority.

Another priority that the Ontario government has articulated is closing the gender wage gap. I just want to talk for a second about how child care would impact that goal.

The Ontario government has pledged to close the gender wage gap, and as an organization that represents the perspectives of both parents and the child care workforce, our approach to this issue is grounded in two realities that make building a real child care system a key element in any strategy for closing the gender wage gap, and those are that the lack of affordable high-quality child care continues to limit many women's opportunities to participate in full-time work, training or education; and that the child care workforce, which is 97% female, continues to be underpaid and undervalued, as determined by Ontario's pay equity process. A real child care system would address these critical barriers to closing the gender wage gap.

Ontario, as I said, has articulated a vision—and this comes from Ontario's vision for the early years—of a province in which "children and families are well supported by a system of responsive, high-quality, accessible, and increasingly integrated early years programs and services that contribute to healthy child development today and a stronger future tomorrow." That's from Ontario's early years vision. The Ontario government has committed to modernizing child care, including introducing a new Child Care and Early Years Act and providing a wage enhancement to staff.

We applaud the government for these steps. They are important way stations on a long journey. But while we appreciate the vision and these first steps taken, we question whether early learning and child care have been provided with adequate funds and, indeed, adequate policy support to make this well-supported system a reality for Ontario.

In Ontario today, we're still living with the results of chronic underinvestment in child care. We see the impacts of this underinvestment played out every day across the province. There are regulated child care spaces for only 23% of Ontario children aged zero to five years. If you include school-aged children, who are a particularly underserved group, that number drops further to spaces for only 17% of Ontario children.

Child care fees across Ontario are the highest in the country, with long wait-lists for fee subsidies in many areas. A recent report from the Canadian Centre for Policy Alternatives found that seven of the most expensive cities for child care are all here in Ontario: Toronto, Markham, Ottawa, Vaughan, Mississauga, Brampton and London. Compare the $987 per month that Ottawa parents pay for a preschool space with the average fee of $174 per month just across the river, in Gatineau, Quebec.

The child care workforce is key to quality programs. If we care about outcomes for children, we should care about the child care workforce, because they're the ones who make these programs happen. They continue to experience low salaries, inconsistent working conditions and precarious work that is resulting in poor morale, job dissatisfaction and high staff turnover.

But we have an opportunity right now. I think we're in a unique position in 2016 in that we have a better opportunity than ever before to move forward on developing an early childhood education and care system. The recently elected federal government has committed to working together with provinces, territories and indigenous governments to build an early learning and child care framework. This commitment was confirmed in the ministerial mandate letters, and by the federal Minister of Families, Children and Social Development and the Minister of Indigenous and Northern Affairs.

This is the willing federal partner that Ontario has been waiting for. We know that is something that was articulated here in Ontario: waiting for this willing federal partner. Well, we have that willing federal partner now, so Ontario has an opportunity to be a leader on this framework. It's a chance that we really must seize. It's a time to step up on early learning and child care rather than step back.

In response to this federal commitment—I have handed this out today as well—the Child Care Advocacy Association of Canada, who is our federal counterpart and an advocacy group that workers across the provinces on early learning and child care, in collaboration with community partners from across the country—and I was involved in shaping this document, and I can say that there was a lot of feedback that we sought from the community, from child care providers, from parents and different groups from all across the provinces. We developed a shared framework for building an early learning and child care system for all. This shared framework is designed to facilitate a collaborative intergovernmental and community process and serve as a foundation for a program that will grow, over time, to meet the needs of families, children and the child care workforce in all regions of Canada.

This is really our way of trying to contribute to this process. We feel that Ontario has an opportunity to be a leader on this, and we hope that you will adopt the principles in this shared framework.

To kick-start this process of transformation, we recommend that the Ontario government adopt the principles of the shared framework on an early learning and child care system for all, and begin a process of transforming Ontario's current child care market patchwork into a comprehensive system. We know this government has committed to modernizing child care, but this is the time that we can show the political will and the funding dollars to make that commitment a reality.

We recognize that this transformational change intergovernmentally that we're talking about, with the federal government and across the provinces and territories, and with indigenous governments, will take some time; it's a multi-year process. But we feel that to be a leader on this transformational change—there is much that can be done immediately to address these issues of affordability, the child care workforce and underserved populations.

Recognizing the severe underfunding of Ontario child care, we call on the Ontario government to commit to new funding dollars: an immediate $300-million annual fund to support child care services directly and kick-start a process of system transformation.

To begin to address the shortfall of child care spaces—as I said, only 23% of children have access—we recommend a $100-million capital fund to increase spaces across the country, and an additional $75 million to address the immediate system crises of program viability. We know that there are non-profit child care programs that are doing an excellent job, providing excellent-quality care, but cannot make a go of it because of financial viability as well as cuts to municipalities through funding formula changes. There are still 18 municipalities that are going to see cuts to their funding. Overall child care funding should be indexed to inflation.

We also call on, and we support the calls from the Association of Early Childhood Educators, the professional association, to establish a workforce strategy to ensure that staff with equivalent education and work responsibilities across the sector are paid professional pay for professional work, because we see that there's a huge range of pay for people with the same qualifications working in child care.

Funding and resources are needed to support system infrastructure, including data and research. There are many questions about the early learning and child care sector that we can't answer because we don't have sufficient data and research available.

The Chair (Ms. Soo Wong): All right. Thank you very much, Ms. Ferns.

Ms. Carolyn Ferns: Thank you very much.

The Chair (Ms. Soo Wong): I'm going to turn to Ms. Fife to begin this round of questioning.

Ms. Catherine Fife: Thanks very much, Carolyn, for coming in today and for sharing the information from both the national and the provincial levels. Thank you also for raising the gender gap, because this is a longstanding issue in early learning and care.

The government always points to the significant investments, and they tie it all together with full-day kindergarten. They lump it all together. FDK, I hope we can agree, is not child care, because people don't work from 9 to 3 o'clock in the day.

Can you talk a little bit about the impact? Five years ago, when Pascal brought forward his plan, at the behest of the government—it was called With Our Best Future in Mind—it did everything that pretty much you were talking about: building a sustainable program, using our current infrastructure in schools, community-based options. Yet it did have a negative impact on an already fragile sector. Can you talk a little bit about that? Because I think that dream is dead, although it is still going in Ottawa and Waterloo region.

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Ms. Carolyn Ferns: I would really agree with you on that, Catherine. That was With Our Best Future In Mind—and I had a chance to hear Charles Pascal speaking last summer, actually, on what had had happened to the Pascal vision, what had been accomplished and what hadn't. He really articulated that there were significant gaps in between what his vision was, what he set out in that report, and what actually happened.

Certainly, full-day kindergarten is a great thing to have in Ontario, but because it only cherry-picked one part of Pascal's overall vision, it ended up having really dire unintended consequences on a lot of non-profit child care centres because they found those four-year-olds went to full-day kindergarten and that destabilized the program. Younger children are more expensive to pay for because they have higher staff-child ratios, so it had a financial impact on non-profit child care centres, which often operate right at the line anyway. It did have a big impact on non-profit child care and it's something that we're still feeling.

Definitely, what we're talking about now, with the opportunity that we have before us to move forward on building a comprehensive early childhood education and care system, is that we need to learn the lesson from that and definitely look at how we can grow the system, how we can build on what we have, but also keeping in mind that we don't want to be destabilizing programs that had been carrying the can for so long, that have been doing the good work of child care for so long. We don't want to leave them behind in rushing forward to a new vision.

That's actually why we've particularly tried to be really clear in talking about this shared framework. We don't think this is a quick fix; it's not something where we want the government to rush the money out the door, because we want to be sure to build it right. Those are the principles that we've put forward in this shared framework, our attempt to articulate that we really need to get it right this time.

Ms. Catherine Fife: I just also want to say, the evidence and the research with regard to investing in child care and the positive impact on the economy are well documented. We don't need any more working groups or framework groups or special committees; right? We don't need to examine this anymore.

The $100 million in capital that you're asking for: You want to see that go to establish programs where the return on investment will be significant?

Ms. Carolyn Ferns: Yes, definitely.

Ms. Catherine Fife: Based on the report, the city centres—are you looking at that? Because rural child care is almost non-existent right now.

Ms. Carolyn Ferns: I think that rural child care is a big part of it. We actually set out that we need to be thinking about particularly underserved populations, and that's part of what a system can do. Right now, to a large extent, where child care opens or where child care closes is left up to the market. Those harder-to-serve populations—specifically, rural areas—are underserved for that very reason. If we are growing a child care system, we need to be able to think about what we could do for those areas, definitely.

Like you said, it's important to think about making sure that those capital dollars are well spent. The Ontario coalition has long held that we want new investment in child care to be going to non-profit and public programs to make the best use of those dollars.

Ms. Catherine Fife: Thank you very much for clarifying that. There is an urgency here, though, don't you agree? We've seen closures in Sarnia, in Sudbury. We just lost a preschool program in Kitchener because it's not a sustainable strategy right now for the province of Ontario.

If only 23% of children in Ontario have access to regulated child care centres, how does Ontario compare across the country? Are we on par? Is this a systemic, national issue, or has Ontario been lagging behind?

Ms. Carolyn Ferns: I think it is an issue all across the country, but Ontario doesn't fare very well compared to our neighbours. We know that Quebec moved forward several years ago with an affordable child care program, which now serves about 40% of the children in that province. Next door in Manitoba, they've just had a commission on early childhood education and care and are moving forward with a plan to increase spaces, which builds on things they've already been doing.

The Chair (Ms. Soo Wong): Ms. Ferns, I'm going to stop you here. Thank you so much for your presentation and your written submission.

Ms. Carolyn Ferns: Thanks.

The Chair (Ms. Soo Wong): Okay, I'm going to make one more call. Is the Canadian Federation of Students of Ontario here?

CANADIAN CENTRE FOR POLICY ALTERNATIVES

The Chair (Ms. Soo Wong): Seeing none, I'm going to go to the next group, the Canadian Centre for Policy Alternatives—Ms. Sheila Block, and it looks like you have a colleague with you. Good morning. Welcome.

If you have any written submission, the Clerk can pick it up from you. If not, you can begin any time. You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side. When you begin, please identify yourself for the purposes of Hansard.

Ms. Sheila Block: My name is Sheila Block. I'm an economist with the Canadian Centre for Policy Alternatives' Ontario office. With me is my colleague Zohra Jamasi. I very much appreciate the opportunity to speak with you all today about the 2016 budget.

The economic and political landscape has changed quite dramatically since you held these hearings last year.

On the economic front, we have sustained low prices for oil and other commodities that have had a devastating impact on oil-producing provinces and have shifted the centre of economic activity from those provinces to Ontario. The resultant fall in the Canadian dollar has had two effects: It has increased costs for consumers, but it has also increased the competitiveness of our exports. Some forecasters expect that only BC will have a faster GDP growth rate than Ontario this year.

We've also seen some pretty dramatic changes on the political front. We've seen an activist government elected in Ottawa, and increased infrastructure investment is a signature piece of its economic plan and platform, as is a recognition that deficit spending is a prudent course of action for the federal government. The public relationship between Queen's Park and Parliament Hill has moved from acrimony to collaboration.

Against this backdrop, we are seeing green shoots in the Ontario economy. The latest economic data for the third quarter shows an acceleration in economic growth to an annual rate of 3.5%—a rate that we haven't seen for at least a couple of years—and it seems like the long-awaited renewal of manufacturing exports might have begun. Auto exports grew at 7% in the third quarter. Based on these third-quarter numbers, the Financial Accountability Office expects that real growth in Ontario this year will exceed the forecast in the Minister of Finance's fall economic update. This trend is good for Ontarians, it's good for the economy and it's good for government finances. However, we've seen these green shoots before, so we're going to need to wait for more data to see if it holds.

One of the bleak spots in the province's economic outlook is government current expenditures. The third quarter saw a decrease in real government spending of 0.3% compared to the second quarter. We know that if we looked at that on a per capita basis, that fall would be larger because the population is growing. We also know that that third-quarter result isn't an anomaly. In this fiscal year, real per capita program expenditures were 5.7% below what they were in fiscal 2010, and this is largely because the government has been blindly sticking to a commitment it made five years ago to reach a zero deficit in 2017-18. It's been a rough five years for the economy, with uneven growth moving in fits and starts. Revisiting that deficit target would be prudent.

The provincial government has committed to an ambitious capital investment program, which we need, but it's relying too heavily on program spending restraint to meet that deficit goal, and we have to remind ourselves what that program spending is. It's paying for the nurses who care for us when we're sick. It pays for daycare so that we can get to work and we know that our kids are safe. It makes sure that our roads are cleared in winter so that we can get around safely. It also pays for those income supports like OW and ODSP so that when we're going through tough times and need our social safety net, it's there.

The government can take its foot off the brakes on program spending. If this third-quarter trend continues, the government could meet its target without these cutbacks, and it doesn't have to meet that arbitrary deficit goal. I did an analysis of Ontario's debt-to-GDP ratio over the past 25 years—it's fascinating; should you have any trouble at night going to sleep, you might want to read it—and found that the increase in that ratio since 2008 was similar to the increase after the 1990 recession. So that increase and that ratio isn't something ahistorical, isn't something that unusual. Of course, part of that is because we're facing very much lower interest rates now than we were at that time.

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What that left us with is that we know that Ontario is not about to slam into a debt wall. The government does have choices about debt and deficit. It can delay its zero-deficit plan by a few years in order to help steward a stable economic recovery and protect the quality of public services. It can also increase tax revenues to pay for those services that we need. Finally, it can negotiate hard with the federal government for increased transfers to rebuild our infrastructure and help our bottom line.

I'm really hopeful that the government will correct its course and continue to provide the high-quality public services that we all rely on. Thanks.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Ms. Vernile to begin this round of questioning.

Ms. Daiene Vernile: Sheila, thank you very much for coming and appearing before this committee today, and for offering your information looking at Ontario's economy. I would agree with you that we're very encouraged to see that we now have an activist government in Ottawa that's committed to investing in infrastructure, as Ontario has also committed to doing. You've described us as going from having an acrimonious relationship to now having one of collaboration. I appreciate you noting that.

You also looked at the fact that our economic growth in the third quarter in Ontario is at 3.5%, which is a very dramatic increase. You also talked about manufacturing—some very good starts there.

I'm the MPP for Kitchener Centre. In my region, in Waterloo region, we have some very exciting news there. I had a recent conversation with the head of our workforce planning board; her name is Carol Simpson. She told me a figure that was absolutely stunning, and that is that currently we have 2,000 jobs in manufacturing and advanced manufacturing. These positions are sitting empty right now. We're trying to find people to fill these jobs. That in itself is a great indication that our economy—well, according to the KW chamber of commerce, they described it as "smoking hot," not only in our region but in Ontario.

I'd like you to comment, if you could, on the kind of relationship that you would like to see between Ontario and Ottawa, and what this could mean for the Ontario economy.

Ms. Sheila Block: I think what both governments have actually identified is a need for infrastructure investment. But we also know, from the good work of the Mowat institute, that, really, Ontario has not gotten its fair share of transfers from the federal government. We're very hopeful that with both the political support and the similarities in terms of the kind of policy approach, we will see a shift in that approach from the federal government and see an increase in transfers, and that will support, as we said, both the capital side, but also free up more money so that operating expenditures won't have to be cut back as dramatically as they currently are in the fiscal plan.

Ms. Daiene Vernile: The province has announced more than 200 infrastructure projects. What do you think that's going to mean for the average Ontarian?

Ms. Sheila Block: I can't really speak to what the impact would be for an average Ontarian. What we do know is that infrastructure investment increases the productive capacity of the economy. It has the potential to have positive impacts on environmental issues and on income inequality issues. It depends on how it's done. But I really have to emphasize that if, at the same time, there are cutbacks in operating spending, there will be negative impacts, very much so on Ontarians in terms of a loss of those kinds of services that we all rely on.

Ms. Daiene Vernile: Sheila, thank you very much. We appreciate your analysis.

Ms. Sheila Block: Thanks a lot.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Block. Now, you have until tomorrow afternoon at 5 p.m. to make any written submission to this committee—because I noticed you didn't have any handouts for us. If you want to hand in any written submissions, you have until 5 p.m. tomorrow afternoon, okay?

Ms. Sheila Block: Thanks a lot.

The Chair (Ms. Soo Wong): Thank you very much for being here.

CANADIAN FEDERATION OF STUDENTS—ONTARIO

The Chair (Ms. Soo Wong): I believe the Canadian Federation of Students—Ontario is here. Welcome, gentlemen. Come on down. Yes, we will allow your time. You were supposed to be here at 9:30. I'm just going to make sure that you've got this straight. While you're getting yourselves organized, if there are any handouts, the Clerk is coming around to pick them up from you. He will distribute them to the members. He can do that for you.

I'm going to give you some instructions for this presentation. You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the official opposition. When you begin, please identify yourself for the purpose of Hansard. You may begin anytime. Thank you.

Mr. Rajean Hoilett: Thank you. Hello, folks. My name is Rajean. I'm the chairperson of the Canadian Federation of Students—Ontario, which represents over 350,000 college and university students in the province, from Thunder Bay to Windsor.

I really appreciate being given some space here today to be able to raise student concerns and to talk about students' visions for the 2016 budget. I also would like to apologize for us being late today. There was a mix-up on our end in terms of when we thought this was happening.

We just wanted to take you through our budget recommendations. The document that you have in front of you outlines nine recommendations for the 2016 budget.

Students realize that an educated population is key to the social and economic development of a society. Unfortunately, the cost of post-secondary education in Ontario has reached record highs and has become a major barrier to accessing post-secondary education in Ontario.

In an economy where over 75% of newly posted jobs require some form of higher education, many students make the difficult decision to take on loans to be able to attend university or college for a better chance at a stable financial future.

Over the past few decades the cost of education has continuously outpaced inflation and other costs of living, such as transportation and rent. In 2015, Ontario public colleges and universities effectively became privately funded institutions, with tuition fee revenue eclipsing public funding as a greater proportion of system-wide operating budgets. This is a stark contrast to 1992, when government support accounted for over 80% of institutional revenue.

Since the government has systemically underfunded public post-secondary education institutions, the burden has fallen onto students and their households to pay for increasingly inflated costs of higher education. Although pursuing higher education directly corresponds to higher debt loads, with undergraduates owing upwards of $28,000 after graduation and post-graduate students owing an average of nearly $35,000, this education does not guarantee meaningful, well-compensated full-time employment, adding additional economic uncertainty and displacing students' opportunities to be able to graduate and enter entry-level positions in a vulnerable job market.

The impact of high tuition fees, subsequently higher debt loads and poor job prospects after graduation is significantly more burdensome on young people from marginalized communities. Students from low-income communities are less likely to pursue higher education and more likely to take on interest-based loans to pay for their education, thereby investing more financial resources in their education than those with the financial means to pay the cost up front.

Additionally, because of disparities due to the result of things like systemic racism and misogyny, it takes longer for aboriginal students, for racialized students, for recent immigrants and for women to attain higher education and to pay back loans after graduating.

Ontario's high-fee and high-debt model with post-secondary education has continued to perpetuate existing inequalities that marginalized groups face in our communities.

Students from across Ontario are certain of their value in society as educated workers and as community members, but we are increasingly concerned with our ability to be able to contribute financially, politically and socially after graduation due to debt loads and to poor job prospects.

With these precarious circumstances in mind, students are proposing some recommendations that you can find here that call on the provincial government to renew its commitment to affordable and accessible post-secondary education. We're also really encouraged by the university funding formula review as a unique opportunity to be able to capitalize on some of these proposals.

I'm going to really quickly take folks through the nine proposals that students are calling for.

The first one that you can see, on page 10, is around "Grants not Loans." It's taking a page out of the government in Newfoundland and Labrador, where they've recently converted all non-repayable loans into needs-based grants.

The Ontario Student Assistance Program delivers a blend of repayable and non-repayable financial assistance to students through a mechanism that assesses a student's need and their financial circumstances.

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Like most public financial assistance programs, OSAP is delivered in partnership with the federal government, through the Canada Student Loans Program and the Canada Student Grants Program, which make up about 60% of total repayable and non-repayable assistance issued in Ontario. While both the federal and provincial levels of government frequently point to grants and bursary programs as evidence of their generosity, the reliance on loans-based financial assistance in the province, and Canada more generally, has created a very real debt crisis for college and university students.

Collectively, students owe upwards of $17 billion to the federal government, and in Ontario, students owe $8 billion to the provincial government. The average Ontario student graduates with $28,000 of debt to repay a traditional four-year bachelor degree.

As costs continue to rise, students are increasingly turning to private loans, on top of public loans, to ease the financial burden of attending higher education, with debts to private lenders increasing by 53% over the last decade.

Sizable debt hinders graduates' ability to participate fully in social, economic and cultural life. It delays important milestones such as buying a car, owning a house, starting a family or owning a business, making student debt not only a burden for those who carry it, but for the provincial economy as a whole.

While loans-based financial assistance programs are often touted as pathways to ensure access to post-secondary education, for low- and middle-income students the reality is that this debt actually penalizes students who do not have the financial means to access post-secondary education. Due to the accrual of interest on outstanding loans, students on financial assistance often end up paying more for post-secondary education than those who can rely on their own savings account and their family's income to be able to pay for tuition fees and associated costs.

Moving towards an entirely needs-based, non-repayable model of financial assistance would ensure that access to post-secondary education is not hindered by one's socio-economic circumstances. This transition towards an entirely non-repayable system of financial assistance would be logistically simple. Ontario can already use the OSAP infrastructure to figure out assessment and delivery of funds.

The province could learn some important lessons, like I mentioned, from Newfoundland and Labrador, which announced in 2015 that they would eliminate the provincial portion of student loans in favour of non-repayable grants. This is a move that we saw celebrated by students across the country.

In 2014-15, Ontario distributed over $356 million in financial assistance and over $1 billion in non-repayable grants and bursaries such as the Ontario tuition grant, the Ontario Access Grant, the Ontario Distance Grant, the Ontario Student Opportunity Grant and other scholarships. Repayable assistance only made up about 26% of provincial contributions to student aid, a small cost that could be easily absorbed by the province, alleviating a significant portion of debt owed by Ontario's college and university students.

Indeed, the Ontario government could save money through the elimination of the provincial portion of student loans, as it currently spends 0.019% of its GDP, or $42.9 million, to pay for bad debt as a result of defaulted loans and bankrupt private career colleges.

The existing structures should also reshape to ensure that aid is going to students who need it the most. The Ontario tuition grant, for example, does not apply universally to all students; rather, it is based on need. The grant is contingent on students meeting a variety of arbitrary economic and demographic conditions. Family income capped at $160,000 a year means that students from vastly different socio-economic circumstances are receiving the exact same grant, even if they don't need it.

The province should follow the example of the federal government and restructure some of its restrictive grants programs into a needs-based assessment model. A new grant program could also increase the value of non-repayable aid by investing money that goes towards provincial tuition and education tax credits. In 2014, the province spent upwards of $335 million, almost as much as it issued in loans. These tax credits overwhelmingly benefit higher-income households, at the expense of low- and middle-income families.

If Ontario is truly invested in helping Ontario's most vulnerable communities gain access to college or university education, it should end its reliance on loan-based financial assistance and create a streamlined, cost-effective financial system of needs-based grants. The cost of this would be roughly $350 million annually—

The Chair (Ms. Soo Wong): Mr. Hoilett, can you wrap up, please? Thank you.

Mr. Rajean Hoilett: I'll speak really quickly to the other recommendations. I apologize for running over time. I'm really nervous.

Our next recommendation is to reduce tuition fees in the province for all students by 50%. As I have spoken to already, students in Ontario face the highest tuition fees in the country, and we view a universal reduction in tuition fees as being the most meaningful way to—

The Chair (Ms. Soo Wong): Mr. Hoilett, when I say, "Wrap up," it wraps up, okay?

I'm going to turn to Ms. Munro to start this round of questioning.

Mrs. Julia Munro: Thank you very much for coming here today. I have a couple of spinoff questions to the material that you've brought to us today.

When you work out the issue around student needs and the kinds of opportunities that are available at this time, I'm wondering if you look at the cost of the individual student. How much of the current tuition cost, or the general cost of having someone in a program—what kind of ratio is that, as a percentage, between what you pay as a student and what the taxpayer already pays, so to speak? Do you have a sense of what that balance is?

Mr. Faiz Ahmed: The balance currently ranges from institution to institution, depending on what level of funding individual institutions receive, either by provincial grants, philanthropy or funding from private donors at the university. That number ranges anywhere from 45% to 57%, depending on the institution. The individual student will cover within that range—of the institution's operating fees.

The Chair (Ms. Soo Wong): Can you identify yourself for the purposes of Hansard? Because you just answered a question from Ms. Munro, we need that information for Hansard.

Mr. Faiz Ahmed: Certainly. My name is Faiz Ahmed. I'm the researcher at the Canadian Federation of Students—Ontario.

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

Mrs. Julia Munro: I appreciate that, just to give us a sense of that total balance.

A few moments ago, we were given—if I have it correctly—2,000 jobs waiting for people to fill. It raises another aspect in terms of post-secondary, and that is the fit between what's happening at those institutions and how quickly they are able to adjust to the market where the 2,000 jobs are. Can you offer any insight into shortcomings or really good strategies to make that fit?

Mr. Rajean Hoilett: One of the things that we're seeing is that students in this cohort are being left with less choices than generations before us. We are graduating with massive debt loads and are finding it more and more difficult to make the decisions that our parents were able to make; to be able to make the decisions to invest in a business or to start up our own businesses; or to take chances or to go to college and to expand our training, to be able to better fit or meet a job market.

What we're seeing is that this burden of debt is making it more and more difficult for students to be able to make those choices and has contributed to students not being able to engage meaningfully in the job market.

Another thing that we are also seeing is an erosion of entry-level positions in favour of things like unpaid internships. Employers now have the opportunity to rely really heavily on unpaid internships. Those are positions that used to be an employee's first step into a company and an opportunity for them to learn and grow and to get trained, and we're seeing that be shifted onto colleges and universities. We're seeing students not being paid for the work that they do, and not being able to find work after they graduate, even though there are these jobs that we continue to talk about.

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Mr. Faiz Ahmed: I'll just add a little bit more to that. The understanding that university or post-secondary education as a whole should be malleable and very quick to adjust to job market trends is an interesting new development in the province of Ontario. We're seeing this with the Premier's highly skilled workers panel; we see this with the change in the funding formula review.

There's a fundamental basis to that type of restructuring. It assumes that universities, within a four-year time period, can understand and estimate—predict, if you will—what the economic outcomes will be of society as a whole.

We find that to be somewhat problematic, because it is very difficult to see what the general trends in the economy are. It's very interesting that there are 2,000 jobs being created in a particular jurisdiction where there is post-secondary education, but to assume that a university or the post-secondary education in that jurisdiction would have been able to identify that those 2,000 jobs would be there requires, I think, more fleshing out. We need to understand what are the mechanisms by which post-secondary institutions would be able to anticipate that, because the general public, in many cases, is unable to anticipate that, and government, in many cases, is unable to anticipate that.

Mrs. Julia Munro: I agree with you: There's a little element of crystal ball gazing here. But when you listen to the trends and directions that people are looking at, even if you had been here—I don't want to bring that publicly, but the various providers of submissions who have talked about, "This is the direction; this is the trend": Would you have a message that that's an area where the post-secondary world needs to do a better job?

Mr. Faiz Ahmed: I'm not certain that it is the role of post-secondary institutions to crystal ball where job creation is. We strongly believe that the role of post-secondary education is to create future workers to be intellectually able to positively affect the workplaces in which they engage.

The Chair (Ms. Soo Wong): I need to stop you here. Thank you so much for your presentation and your colourful written submission to all of us; very helpful. Thank you very much, gentlemen.

CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

The Chair (Ms. Soo Wong): The next group before us is the Co-operative Housing Federation of Canada, Ontario region. Welcome again. I think we see you regularly on an annual basis, which is always good. Good morning.

Mr. David Waters: Good morning.

The Chair (Ms. Soo Wong): Welcome. I believe the Clerk is coming around with your written submission. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the third party. You may begin any time. When you begin, please identify yourself for the purposes of Hansard.

Mr. David Waters: Thank you. Good morning. My name is David Waters. I'm the president of the Ontario council of the Co-operative Housing Federation of Canada. I'm joined by Simone Swail, CHF Canada's Ontario region program manager of government relations.

We represent 550 non-profit housing co-operatives, home to some 125,000 people spread across the entire province and located in 97 of the 107 provincial ridings.

I'm very pleased to be here this morning to present our suggestions for the 2016 provincial budget to the committee. When I'm finished, Simone and I will be happy to answer any questions you may have.

We all understand that a safe, secure home is the foundation on which we build our lives. With an affordable home, we can raise a family, find and keep work, invest in training, and have enough money left over to put healthy food on our tables. But far too many families are finding an affordable home has become nearly impossible. Current estimates show that 273,000 Ontario households pay more than 50% of their income on rent. While we welcome the development that has happened under the Investment in Affordable Housing for Ontario program, the number of households on the social housing wait-lists continues to grow. It is estimated that at its current rate, it will take 73 years to eliminate core housing needs in Ontario. In the meantime, generations of Canadians face a near-insurmountable barrier to joining the middle class.

We're here to say it's time for real progress. The new federal government has recognized that this can't continue. They have clearly indicated that they plan to invest in affordable housing. They recognize that this investment will not only provide important stepping stones to low-income families but it will also help stimulate our economy. In effect, every dollar spent on construction of affordable housing increases the GDP by $1.40 through its creation of new jobs and the use of locally sourced construction materials. We are calling on the province to partner with the new federal government and match their funding.

The ongoing update of the Long-Term Affordable Housing Strategy provides a unique opportunity to change the direction and to make a significant impact on the affordable housing crisis in Ontario. The current situation is not inevitable. We offer today five recommendations for real progress on affordable housing.

First, we ask the province to work with the federal government to protect co-op housing. Over the next five years, 2,000 low-income households in Ontario are at risk of losing their co-op homes. The federal agreements that provide rent-geared-to-income and RGI assistance to low-income members are ending in half of Ontario co-ops. For the 15 co-op homes whose agreements have already expired, these communities face impossible decisions: raise rents on seniors, single-parent families or other vulnerable neighbours who they know can't afford it, or watch their building slowly fall into disrepair.

The new federal government has indicated they will restart RGI assistance in these housing co-ops, but because of the 1999 Canada-Ontario Social Housing Agreement, which transferred responsibility for social housing from Ottawa to Ontario, it's unlikely they'll do it alone.

All recent housing programs have been cost-shared between the federal and provincial governments. We urge the province to seize on the federal government's commitment and immediately begin negotiations with Ottawa to ensure this assistance continues and that any costs associated with it are included in the 2016 budget. The total cost of continuing this assistance is estimated at $10 million over the next five years, well below the cost of building 2,000 new units of affordable housing.

Secondly, we ask that you pass inclusionary zoning legislation. Mitchell Cohen, president of Daniels Corp., a major development company in the GTA, wrote recently in the Toronto Star that inclusionary zoning is "the most important tool in the affordable housing tool box." Inclusionary zoning is a regulatory approach to creating new affordable housing. It gives municipalities the option of requiring that a small percentage of units in new developments be affordable. In return, the municipality may offer a density bonus or other incentives.

There are a number of examples of successful implementation of inclusionary zoning across North America. Jennifer Keesmaat, chief planner for the city of Toronto, has estimated that even a modest inclusionary zoning program over the past five years would have produced 10,000 units of affordable housing in the city of Toronto alone.

To allow inclusionary zoning in Ontario, the province needs to amend the planning statute act. Over the years, there have been a number of private members' bills introduced to do this, but none have passed. With the growing consensus between important developers, planners and affordable housing advocates, it's clear the province should pass this necessary legislation without delay.

Third, we ask the province to invest in green affordable housing. One of the greatest challenges we all face today is to reduce greenhouse gases. According to the Ministry of the Environment's estimates, housing is third only to transportation and industry as a producer of greenhouse gases in Ontario. Housing co-ops want to be part of the solution.

We understand the province is looking at investing potential cap-and-trade revenues in emissions-reducing projects. The vast majority of the province's co-ops were built 25-plus years ago, using modest construction methods. Substantial reductions in emissions could be made by retrofitting these buildings, and the energy efficiencies created could help keep the housing affordable for those who need it.

We recommend that the province invest in helping community-based housing providers identify retrofit projects that will reduce emissions so that they are shovel-ready when these opportunities exist.

Fourth, build more affordable housing: For years, CHF Canada and others have warned the province about the lack of supply of new affordable housing. The province needs an estimated 10,000 more units of affordable housing per year to catch up with its demand.

At times, this has seemed like an insurmountable challenge, but if the federal government goes ahead with their investments in social infrastructure, including affordable housing, the province has an opportunity to make a real difference by matching their investment and spurring significant new development. As mentioned earlier, this would not only reduce social housing wait-lists but also stimulate our economy and save the government money on health care and shelter costs.

Finally, we ask the government to build more co-op housing. For many years, CHF Canada has raised concerns with the province about barriers to development of co-ops and other community-based non-profits under the federal-provincial Investment in Affordable Housing program. Historically, almost a quarter of social housing developed in Ontario was co-op housing. Under the current programs today, that share has dropped to less than 4%.

We don't believe this is the policy intent of the Ontario government. MPPs from all three parties have spoken at length about the benefits of the co-op housing model. They have universally agreed that co-operative housing is cost-effective and builds healthy communities. But the current program favours those who can contribute significant equity and risk tens of thousands and, in some cases, hundreds of thousands of dollars on developing proposals that may not get selected for funding. This is simply beyond the means of many community-based providers.

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One measure we've recommended previously is for the province to set aside a certain number of units specifically for co-op development. The province used this approach when they set up the reserved stream for development of—the affordability of the brownfield sites a few year ago.

Municipalities would still be responsible for selecting suitable projects for development and later would be responsible for administration, but the reserved pool of units could only be used to build co-ops.

The co-op housing sector is anxious to work with MPPs in all three parties to follow through with these practical suggestions and to partner with the government to find other creative ways to ensure that every Ontarian has a decent, affordable place to call home.

I'd like to thank the committee for their time and, as mentioned, we'll be happy to answer any questions you may have.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Waters. I'm going to turn to Ms. Fife for this round of questioning.

Ms. Catherine Fife: Thank you very much, David and Simone. Every year, you do come and you make a very compelling economic case and, also, provide a social-justice perspective on housing. We do appreciate that.

On the building of more co-op housing, because Ontario has fallen significantly behind other jurisdictions: Your recommendation to build more housing co-ops, specifically the recommendation around brownfield sites—how many years have you been asking for this? There are real estate agents and municipalities that also want to be part of this because they're anxious to build that affordable housing, as well. Can you give us a little context for this request?

Ms. Simone Swail: The IAH program has been around, I believe, for about eight years. I think that we've recognized pretty much from the beginning that it just didn't quite fit well for the co-op model or community-based providers. As David mentioned, the program is built around people developing proposals and submitting them to municipalities, but they need to go through all the steps of getting those proposals done: They need to have architectural drawings; they need to have planning approvals.

That just costs far, far too much money for most community-based providers to take the risk of putting it forward and then having it turned down. You're risking $50,000, $100,000 for something that might not happen. As a small provider, it just does not seem reasonable. They need to save that money for their own buildings, if there's no guarantee that it will go further. I would say that, since the very beginning, we've been making this point.

Ms. Catherine Fife: Okay. So there are serious barriers to that plan.

Ms. Simone Swail: There are very serious barriers.

Ms. Catherine Fife: So the government then should take a step back and look at other options.

The inclusionary zoning: To have the chief planner for the city of Toronto say that we could have created 10,000 units of affordable housing over the past five years through inclusionary zoning is really heartbreaking because—this is our sixth day as a committee. We heard a mother in Hamilton say that 60% of her income goes towards rent. That leaves few options for food or activities for her children.

Inclusionary zoning has been bandied about for years now—our member from Parkdale-High Park through, I think, five private member's bills; Mr. Milczyn also introduced a part of that. There's no good reason not to include inclusionary zoning. Even the municipalities have recently asked for it at AMO as a tool in their tool box. They don't want the government to be prescriptive, but they want it as an option.

Can you give some insight as to what's the deal with inclusionary zoning when it's such a good option for affordable housing?

Ms. Simone Swail: We are very strong supporters of inclusionary zoning. From our perspective, there is no good reason for why it hasn't been passed. As you've mentioned, MPP Peter Milczyn, we were very strongly supportive of your efforts and your bill to pass inclusionary zoning—

Ms. Catherine Fife: As were we.

Ms. Simone Swail: —as we have been for all of MPP Cheri DiNovo's bills. We think that this is a great option for affordable housing in Ontario.

I think, with 168,000 people on social housing wait-lists across the province, that we need to use every tool at our disposal, and that it's also about giving the municipalities, as you say, the option of using inclusionary zoning. It does not have to be there.

But for why it hasn't happened—I'm not in those discussions, unfortunately. My sense is that there are some concerns from the development industry, but I think that there are also many developers, like Mitch Cohen from the Daniels Corp., who see that they could work within these rules and they could do something really impressive with them.

Ms. Catherine Fife: Finally, thank you for raising the issue about investing in green housing, because this is another lost opportunity around creating local jobs, as well. If this government embraced the concept of an energy-efficient renovation tax credit, that would address the underground economy; it would do consumer protection; it would address energy and cost of greenhouse gases.

I think that you rightly point out that these are shovel-ready. The co-op housing is ready for this money to come in and make the units more energy-efficient and, quite honestly, address the quality issue of some of these units, right?

Ms. Simone Swail: Yes. Specifically, our proposal right there is that we see that the province is moving towards a cap-and-trade system and the revenues generated. Co-ops want to be part of that solution, as you mentioned. Our buildings were modestly built over 30 years ago, in the 1970s and 1980s, and there is incredible capacity for changes to be made in these buildings, to make them more efficient and to save the members significant costs.

Approximately 50% of those buildings are likely electrical baseboard heating—

Ms. Catherine Fife: I'm glad you mentioned the cap and trade, because cap and trade is not necessarily about generating profit for the government. It's about reinvesting and addressing greenhouse gases. So we'll have to watch where that money goes when cap and trade comes into play. But I'm counting on you to also help us watch where that money goes—

The Chair (Ms. Soo Wong): Okay, Ms. Fife. I'm going to stop you here.

Ms. Catherine Fife: Thank you very much.

The Chair (Ms. Soo Wong): Thank you, David and Simone, for being here again. Thank you for your written submission.

CANADIAN TAXPAYERS FEDERATION

The Chair (Ms. Soo Wong): The next group before us is the Canadian Taxpayers Federation. Good morning, and welcome. You can bring your colleague, if you want.

Interjection.

The Chair (Ms. Soo Wong): I just wanted to make sure. If there are any written submissions, the Clerk is coming around to distribute them. You probably heard, Ms. Van Geyn, that 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. When you begin, please identify yourself for the purposes of Hansard. Thank you.

Ms. Christine Van Geyn: Thank you to the committee for inviting me. My name is Christine Van Geyn. I'm the Ontario director of the Canadian Taxpayers Federation.

We are a non-profit, grassroots citizens' organization, funded by over 23,000 individual donations from across the country. Our supporters and our organization are committed to lower taxes, less waste and accountability in government, and it is with this mission in mind that I make today's budget recommendations.

Ontario's finances have spiralled out of control. The 2016 budget will be Ontario's eighth consecutive deficit. The debt has more than doubled since 2003 under this government, and debt interest has become the fastest-growing item in the budget and the third-largest expenditure. In a vicious cycle, as the debt load grows, the province's credit rating is downgraded and the cost of borrowing rises even higher.

The government has no detailed plan to end this cycle. Instead, we see public sector wages climbing, program spending growing, and, to fuel the spending, the burden on taxpayers becomes greater. My submission today calls for an expedited and detailed approach to balancing the budget without increasing the burden on the public.

Our pre-budget submission is broken into six sections. We call on the government to (1) focus on debt reduction; (2) stop plans for new taxes; (3) reduce spending; (4) boost revenue without increasing the tax burden; (5) reduce existing taxes; and (6) increase government accountability.

I have already touched on the issue of debt. I will summarize my remaining recommendations. First, on the issue of new taxes: This government has made a variety of expensive spending commitments that it can't afford, and it's turning to the citizens of Ontario to fund these promises.

A prime example of this tactic is the proposed cap-and-trade carbon tax. This plan is a revenue scheme dressed up as green policy. The government expects to raise between $1 billion and $2 billion by increasing the cost of fuels, natural gases and all manufactured goods. While manufacturing is fleeing the province at an alarming rate, the government is creating a new tax and regulatory burden on businesses, that will be damaging to our already fragile economy.

With stagnating incomes and an ever-increasing cost of living, a carbon tax is going to make it even harder for Ontario families to make ends meet.

We recommend halting plans to implement this cap-and-trade program, and instead, the government should focus on making Ontario an affordable place to do business and an affordable place to live.

1030

We're similarly concerned with the government's plans to implement a 3.8% payroll tax in the form of the ORPP. Ontarians can find better uses for their incomes than sending it off to a pension investment board for decades. For example, young couples will be financially better equipped to pay off their debt, buy their first home, by being empowered to save for their own retirement through vehicles like TFSAs and RRSPs, and by having an overall lower tax burden which will allow them to meet their own priorities.

The fact that this government is pushing ahead with this plan despite the federal government's commitment to hike CPP rates appears to defy both reality and common sense. ORPP will almost certainly be made redundant, but not before it's already skimmed 1.9% off of the incomes of hard-working Ontarians or resulted in higher unemployment where businesses attempt to avoid falling within ORPP early requirements by laying off workers.

We recommend that Ontario scrap plans for the ORPP or at the very least put those plans on hold until CPP rate hikes are determined. If the government is committed to continuing down this path, we recommend designing the plan so that it can be easily wound up and premiums returned.

We also recommend that any plans for new taxes be scrapped, including high-occupancy toll lanes; and if the government has any plans for things like municipal land transfer taxes, we ask that those be scrapped as well.

Next, the issue of spending: There's no way now to escape the rapid 6.7% growth rate of debt interest that this government's reckless borrowing has resulted in, but discretionary spending can be cut. We recommend cutting program spending and freezing public sector salaries. Despite the government's commitment to balance the budget, and despite 2015 projections, program spending is now slated to be $400 million higher than anticipated. Program spending needs to be reduced in order to achieve a balanced budget. Public sector salaries also continue to climb. There's a 12% wage premium paid to government workers over their private sector counterparts.

The government's commitment to make any wage hikes so-called "net zero" means that those wage hikes are paid for by cutting other valued services. Take for example the recent wage hike to high school teachers that came at the expense, in part, of cutting a program for vulnerable students at risk of not graduating. Other so-called net-zero savings are hypothetical; or in other cases, like the recent settlement with the Ontario prison guards, wage issues are punted to third-party arbitrators so that the government can avoid responsibility for budget constraints.

Speaking of the wage arbitration system, this is a system that has a tendency to increase wages through leapfrogging, which is why we recommend, in addition, reforming that system so that arbitrators must consider the government's ability to pay for wage hikes using objective factors like debt levels and the existing tax burden.

Another area where spending can be reduced is in corporate welfare, which the Auditor General found in her most recent report was poorly tracked and lacked transparency. Ending this practice will both save taxpayer money and make Ontario a more competitive jurisdiction by getting the government out of the business of picking winners and losers.

Finally, on the issue of spending, we recommend an immediate moratorium on all new renewable power generation. The Auditor General found that under the existing feed-in tariff program we're paying double the market price for wind and three and a half times the market price for solar. We've overpaid for renewables by $9.2 billion and then we export that electricity at a $3.1-billion loss. Green energy is not inherently wasteful, but this government has mismanaged renewables and needs to get out of this business.

The next priority for this government should be boosting revenue without increasing the tax burden on the population. A good step has been made in the partial sale of Hydro One, which under government control has been a badly managed and unproductive asset. We recommend, though, that the sale allow private sector expertise to control the management of the company, and we recommend that the revenue from this sale not be dedicated to new spending, but rather, put towards the debt.

Selling LCBO's capital assets is another means of boosting revenue without coming at the expense of taxpayers. There's no reason to maintain the government monopoly on the sale of liquor, and breaking up an entity that has over 267 government employees on the sunshine list would boost revenue and save taxpayer money.

We also recommend cracking down on the trade in contraband tobacco. The overall contraband trade in Ontario cost between $832 million and $1.2 billion last year. There are recent measures the government has taken on enforcement, which we commend, but we view a more efficient approach would be to reform the on-reserve tobacco allocation system that is the fuel of the contraband trade.

These are measures that would boost revenue without increasing the tax burden. The tax burden under this government has grown significantly. The threshold defining the highest income tax bracket has repeatedly been dropped and the rate has been repeatedly raised. The Premier is effectively redefining what it means to be wealthy in Ontario and then increasing the taxes on that group.

When surtaxes and federal taxes are included, the top marginal rate in Ontario is 53.53%, and the second highest is almost 52%. Taxes above 50% are a psychological threshold that has long been warned against by economists. When individuals are working more for the government than for themselves, it encourages brain drain and tax avoidance.

Additionally, those top two brackets are not indexed, so as wages increase with inflation, more income becomes bumped into a higher bracket without the government having to take responsibility for actually raising that rate.

We recommend reversing those recent income tax hikes and we further recommend that all brackets be indexed. We also recommend reversing other recent tax hikes, including tax hikes on jet fuel and the recent tax hikes on beer sales.

Finally, we do have some additional recommendations that will increase accountability—for example, restoring the Auditor General's ability to use her own discretion when determining if government advertising is partisan. We also recommend reducing the total number of political appointments so that governments are less tempted to engage in the kinds of bad acts we saw in the Sudbury by-election bribery scandal.

Lastly, we recommend reforming the Police Services Act—

The Chair (Ms. Soo Wong): Ms. Van Geyn, you need to stop now because I need to turn to the government side for some questions for you, okay?

Ms. Christine Van Geyn: My pleasure. I'm happy to take questions.

The Chair (Ms. Soo Wong): Thank you. Mr. Baker, you may begin this round of questioning.

Mr. Yvan Baker: Thanks very much, Christine, for coming to present to us today.

First of all, you raised a whole series of issues, and I wish we had more time to have a discussion about each of them. My background is actually in business and in finance. I come from a management consulting background and I used to teach business at the MBA school at York University. My education is in business, so I certainly value the importance of making sure that money is being spent wisely, that we're fiscally responsible and that we're getting the best bang for the buck for the people of Ontario.

One of the things that I can share with you on a personal front is that here in government, besides sitting on this committee with my colleagues, I'm also parliamentary assistant to Minister Deb Matthews, who is President of the Treasury Board. I know how hard all the people around the Treasury Board table work every day to make sure that we're addressing, making sure that we're getting value for money and making sure we're fiscally responsible in how we allocate funds. I can tell you that because I sit at that table weekly, if not daily, and can speak to that.

When I was reading about the Canadian Taxpayers Federation and heard you speak, I heard some key themes. Even if I read from your materials that you sent out recently, you're sort of dedicated to lower taxes, less waste and accountable government, and I know you touched on those themes in your presentation today.

When I think about some of those things, for example, lower taxes and less waste, going back to what I was saying about Minister Deb Matthews and the Treasury Board, through the PRT process which the government is currently undertaking, there's a strong emphasis on doing one of the things that you talked about and one of your three key pillars: making sure we're getting better value for money and making sure that we're getting a better bang for the buck for the people of Ontario.

I think one of the things, too, that I would highlight is that the PRT process that we're currently going through to work towards a balanced budget by 2017-18 is one that is actually not arbitrary; it's very, very surgical in that we're reviewing every program across government and, within each government, looking at making sure that it is delivering on the outcomes that we wanted to deliver on for the benefit of the people of Ontario and therefore that those taxpayer dollars are being spent wisely.

There are a few things that you said that I wanted to speak to. One was that—the LCBO is not for sale. I wanted to address that because I know you raised concerns around the LCBO. That's the first thing.

The ORPP: We have a good debate around the ORPP and the challenges that so many Ontarians have around saving enough money for retirement. I'm a finance person and I know a lot about these types of issues as well, and I wouldn't call it a tax. These are savings that people are putting into a fund, like the CPP, that then get saved, and they can save for retirement. We, of course, want so many people to be able to save for that retirement. It's important to their quality of life and to our economy.

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The government, of course, remains committed to balancing the budget by 2017-18. I would think that would be positive from your perspective. We're doing so in a way that's fair and responsible, like I was talking about earlier. We're doing so while also protecting the services that Ontarians care about. Even the Financial Accountability Officer recently recognized in his scenarios that the government's return to balance is achievable. He also acknowledges that the government is on track to reach our deficit target. In his remarks following the report, he acknowledged the government's ability to meet its fiscal targets again and again. I think these are signs that the government is fiscally responsible, that it's working towards a plan that it has publicly stated—and that an independent officer has highlighted that.

The other thing I wanted to say is that on page 5 of the report, the Financial Accountability Officer affirms Ontario's strong economic recovery since the recession. He talks about how the pace of Ontario's job recovery following the global recession was much quicker than in the U.S. or other G7 countries. I know you talk a lot about the economy and supporting the economy, and that's something that I think the FAO has spoken to.

We've also committed to the pre-recession level—of reducing that debt-to-GDP to 27%. I know you spent a little bit of time talking about bringing our debt levels down. I think this shows that we have a responsible plan to do so, and the FAO supports that.

The other piece I wanted to just highlight: Your organization and yourself talk a lot about taxes and reducing taxes. We reduced corporate taxes quite notably over the last number of years, from 14% to 11%, I think, approximately. There has been no extension of the municipal land transfer tax. We've worked hard to reduce regulations—again, these potential burdens on business that you've spoken about.

In terms of accountability, which is the third pillar of the Canadian Taxpayer Federation's priorities, one of the things that I was proud of, as parliamentary assistant to Minister Matthews, was shepherding through the Legislature the public sector accountability act. That brought through increased powers of accountability for the Ombudsman and for the Provincial Advocate for Children and Youth.

So I think we're doing a lot of the things that you're talking about.

The Chair (Ms. Soo Wong): Okay, Mr. Baker, I need to stop you here.

Thank you, Ms. Van Geyn, for being here and for your written submission.

CONSERVATION ONTARIO

The Chair (Ms. Soo Wong): The next group before us is Conservation Ontario. Good morning, ladies. Welcome. The Clerk is going to come around to pick up your written submission to the committee. As you probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the official opposition party. You may begin any time. When you begin, for the purposes of Hansard, please identify yourself. Thank you.

Ms. Kim Gavine: Good morning, respected members. My name is Kim Gavine. I'm general manager with Conservation Ontario. Today I've brought along with me Jo-Anne Rzadki, our business development and partnership coordinator.

Our organization is making a pre-budget submission on behalf of the network of conservation authorities. We sincerely appreciate the opportunity to have this discussion with you.

Through their watershed management work, Ontario's 36 conservation authorities play a critical role in supporting and helping to implement many provincial policy objectives around climate change, flood management, Great Lakes-St. Lawrence, source protection, environmental education, agriculture, sustainable development, healthy people, and the development of a green, sustainable economy. This pre-budget submission is focused on two key areas: Ontario drinking water source protection and the provincially designated flood management activities of conservation authorities.

The Conservation Authorities Act, which guides conservation authorities, provides a broad mandate and enables conservation authority programs and services to evolve in response to a changing environment. The act is currently under review by the province. This work is being led by the Ontario Ministry of Natural Resources and Forestry, who have so far posted a discussion paper for comment and hosted listening sessions with targeted stakeholders, including conservation authorities. In our comments to the Ministry of Natural Resources and Forestry, we have asked the province to do four things.

The first is to confirm the current mandate of the Conservation Authorities Act, because it allows us to seamlessly address emerging and changing conditions in Ontario's watersheds.

Secondly, we have asked to open discussion up around governance of the conservation authorities.

Third, we would like to expand and formalize our working relationship across more provincial ministries in order to capture the full range of benefits provided to the province by conservation authorities.

Related to all of the above, the fourth and most directly relevant request for you today is the request for the establishment of a sustainable funding formula. A funding formula is necessary to continue to deliver conservation authority programs and services which help to implement and meet many provincial priorities.

The reason I mention the Conservation Authorities Act review at this time is because our pre-budget submission focuses on two of many provincial priorities which require the province's attention in order for conservation authorities to continue to provide the same level of benefits as has been enjoyed to date.

Conservation authorities are the front-line delivery agents for source protection planning under the Clean Water Act, which was initiated by the province in 2003 in collaboration with conservation authorities. Since then, we have worked with local municipalities, other stakeholders and the province to develop source protection plans for municipal drinking water sources. As of the end of last year, all 22 plans have been approved and the focus is now transitioning to implementation.

Our request to the province at this time is to continue funding conservation authorities to support activities such as policy implementation support, project coordination, annual reporting, information management, technical support and public outreach to assist municipalities and the province to successfully implement the source water protection plans to the level Ontario residents need and should expect.

The second program area which concerns us is the conservation authority flood management activities and services. Lagging provincial investments and diversified municipal support have created a network of services that is struggling more and more each year. What is impacting conservation authority flood programs today and is getting worse is the increased frequency of extreme weather, resulting in costly and dangerous flooding.

We applaud the Ontario government for recognizing that climate change is a critical issue of our time. It impacts Ontario in many different ways, often disrupting businesses, creating costly damages and threatening the safety and health of our residents.

In our pre-budget submission, you will find a full list of the specific flood management activities that conservation authorities undertake. Generally they include monitoring, flood plain mapping, modelling and forecasting of floods, flood messages and warnings, planning support and advice for municipalities, land acquisition in flood-prone areas, operation of water and erosion control, infrastructure, and public education.

Conservation authorities have been delegated flood throughout most of southern Ontario, where 90% of Ontario's population resides, and where they exist in northern Ontario. Specifically, as part of the Ministry of Natural Resources and Forestry's natural hazard program, the province has delegated conservation authorities the responsibility for representing the provincial interest for natural hazard policies in the provincial policy statement under the Planning Act.

Conservation authorities regulate development and activities that are adjacent to rivers, streams, valleys, the Great Lakes and large inland lakes, shorelines, watercourses, hazard lands and wetlands. The conservation authority planning and regulation programs protect people, reduce potential disruptions to businesses and protect the environment from flooding and erosion.

Conservation authorities also operate a wide array of flood infrastructure, such as dams, dikes, channels and erosion control structures along rivers and shorelines. The replacement value of this infrastructure is estimated at $2.7 billion.

The conservation authority and watershed approach has been very effective in reducing costly property damages and loss of life. Conservation authorities and the province together operate and maintain a provincial warning system to alert municipalities of potential storms that could create a flood hazard. They also provide emergency response assistance to local and regional municipalities when municipal resources are no longer adequate.

As well, along with provincial and federal representatives, conservation authorities are members of the provincial flood forecasting and warning committee. The committee reviews and regularly updates the provincial flood forecasting and warning guidelines, as well as insurance, information sharing, training and networking opportunities for flood practitioners.

In the mid-1990s, the province significantly reduced its annual investment in conservation authority flood management operations. As a result, over the years, municipalities have had to increase their support for these activities. There has been a wide range of ability for municipalities to do so, and arguably with more difficulty in rural areas with lower municipal tax bases.

The lack of funding has resulted in many conservation authorities having outdated floodplain mapping, constrained flood management operations and rapidly aging flood infrastructure. All of this is building at a time when we need it most in order to address the increased frequency of extreme weather as a result of climate change.

A long-term plan is needed for the province to reinvest in conservation authority flood operations. However, recognizing and respecting the fiscal challenges facing the provincial government today, this pre-budget submission identifies the immediate financial needs required to support our flood work.

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We are requesting four things:

(1) For the province to continue funding the water erosion and control infrastructure program annually, for $5 million per year, through the Ministry of Natural Resources and Forestry. This program is a very successful collaboration between the province, municipalities and conservation authorities, with the municipalities providing matching funds with the province.

(2) Provide a one-time investment of $400,000 to prioritize flood plain mapping. That needs to be immediately updated in high-risk areas within conservation authority watersheds.

(3) Provide an additional $15.1 million per year to conservation authorities for the flood management operations in addition to the current provincial contribution of $7.4 million per year. This would bring the provincial funding total to $22.5 million per year for the critical work that conservation authorities undertake on behalf of the province.

(4) Ensure that conservation authorities are eligible under the province's Green Investment Fund and the federal government's funding for green infrastructure. Details on this request are found in our submission and are summarized in a chart.

The partnership that exists amongst Ontario's conservation authorities, the province and municipalities is a unique one that has prevented millions of dollars in costly damages, protected important ecological benefits provided by forests, wetlands and water resources, and most importantly, it has saved lives. Climate change poses a long-term threat to the people of Ontario, as around the globe, and we see conservation authority flood programs as an important piece of the solution for adaptation to climate change impacts.

I thank the standing committee for the opportunity to present our requests, and we'd be happy to take any questions.

The Chair (Ms. Soo Wong): Thank you very much for being so timely. I'm going to turn to Mr. Barrett for this round of questioning.

Mr. Toby Barrett: Thank you, Conservation Ontario. We do know that this government is working on a climate change strategy. They also have made very clear their support of a culture of conservation. Would you want to just expand on that a little bit further? I know you talk about flood plain mapping and those kinds of measures that, with the changes in weather, we do seem to be seeing here and there around the world. Just expand on that a bit.

Ms. Kim Gavine: Absolutely. I'll start and then I will pass it to my colleague.

In our submissions back to the province regarding the climate change work, one of our emphases was asking for more detail around adaptation. There was a lot of focus on mitigation, but what we were suggesting in our response back to the province is that there are things that conservation authorities are already doing in terms of our landholdings—our forests, our wetlands—acting as carbon sinks. We're the second-largest landowner next to the province. Being able to further support these would be helpful.

There are also a number of technologies that the conservation authorities are undertaking with respect to low-impact development, and, quite frankly, working with the municipalities, we're seen as leaders in this.

Jo-Anne, do you want to add to that?

Ms. Jo-Anne Rzadki: Yes. We're certainly also working more with the private sector, trying to understand their issues. Flood management programs help reduce the impacts of flooding to businesses, which is really important. Transportation corridors are important for our economy and the safety of our communities.

There is lots of information that tracks the severity of extreme events over time, and we have that information too. For example, from 1910 to 1970, every decade, there was a 1.5% increase in extreme events. Between 1990 and into this decade, it has been a 14% increase.

Mr. Toby Barrett: My colleague has a question. I'll just put in a plug for the ALUS program. I think you would know that well, through Long Point conservation, down in Norfolk county.

Ms. Jo-Anne Rzadki: Yes.

Mr. Toby Barrett: We'll go to my colleague.

Mrs. Julia Munro: Thank you for coming today and bringing your message here.

I wondered if you were also involved in any of the conversations around the cap and trade. The reason I ask is because, obviously, trees have a potential to be part of reducing emissions, so I wondered if there was an element of what you were doing that connected with that.

Ms. Kim Gavine: Do you want to talk to our submission, Jo-Anne?

Ms. Jo-Anne Rzadki: Sure. We've highlighted that conservation authorities are—are you talking about the cap and trade?

Ms. Kim Gavine: Yes.

Ms. Jo-Anne Rzadki: Yes. We have made a submission to the cap-and-trade discussion paper where we highlight the role of conservation authorities in providing assistance to carbon sequestration. That includes our tree-planting program. We partner with other organizations, like Trees Ontario, which has a 50 Million Tree Program.

Our land protection programs also provide carbon sinks. Was there anything else?

Mrs. Julia Munro: No. I just wanted that to be recognized.

Ms. Jo-Anne Rzadki: Yes, we all—

Interjection.

Ms. Jo-Anne Rzadki: Excuse me. We've also done some research related to how tree planting impacts carbon sequestration.

Mrs. Julia Munro: I had another question. On the issue of landowners and understanding your role: From time to time, people get mixed messages in terms of the role of the conservation authority and their role as private landowners. I wondered if you could comment on how you're managing that part of your file.

Ms. Kim Gavine: Yes, it's challenging. You're quite right. Conservation authorities do have a regulatory responsibility, and that's where I made reference—under section 28 of the Conservation Authorities Act, there is a permitting process that requires people to come in to conservation authorities if they're planning on doing development within flood plains. This is a process that the conservation authorities work very hard at, to make sure that they are transparent to the public about why they're requesting this information and why there's a permitting process in place. We all know that what happens upstream affects us downstream, and this is very critical.

Conservation authorities, on the other end of the spectrum, also do a number of phenomenal outreach programs, education programs, where, whether or not it's stewardship programs, offering tree planting, whether or not it's outdoor education to children—we do a lot of that work. This is why in that first line in my submission I talk about getting the province to recognize the mandate of conservation authorities. It is a broad mandate, but it enables us to do a lot of things that are helping to meet those multiple provincial priorities, everything from dealing directly with the landowner, to children, right through to our regulatory role, to make sure that people are kept safe.

The Chair (Ms. Soo Wong): All right. Thank you very much for your presentation as well as your written submission. Thank you for being here.

Ms. Kim Gavine: Thank you very much.

ACORN CANADA

The Chair (Ms. Soo Wong): The next group coming before us is ACORN Canada.

Just for the committee's purposes, the Clerk just informed me that the witness coming before us is Donna Borden. I'm going to get you to introduce yourself in a minute. Just so you know, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the third party. You may begin any time. When you begin, please identify yourself, as well as your colleague, for the purposes of Hansard. Thank you.

Ms. Donna Borden: Sure. Thank you, members of the committee, for inviting us here. My name is Donna Borden. I'm a provincial rep for the Ontario ACORN board. This is Andrew Marciniak. He's a staff member for ACORN.

As you may know, ACORN is a members-based organization of low- and moderate-income people. We have 80,000 members all over Canada. We campaign on issues important to our members, like fair banking, affordable housing, wages, employment issues and welfare rights.

The first thing we'd like to talk to you about today is money to fix the backlog of housing repairs. In Toronto, where I live, and all over the province, there are issues with housing. I, for one, am a TCHC tenant, a market-rate tenant, and I've experienced first-hand the issues that come with the backlog of repairs. There is a $2.6-billion backlog of repairs, and the city really could use some extra money to help take care of that.

Our second issue: We did meet in November with Minister Jaczek about our concerns. It's about the clawback on the child support payments, the ODSP and Ontario Works. There is money that people get from child support payments that is being taken away 100%, and it's taking money from the children. We just believe that it should be exempt, like other payments for child support, child tax benefits and those types of things. People on ODSP and OW have very little. They haven't had an increase, and they're living in poverty, and the government takes their child support. ACORN worked with the BC government to end this practice, and they exempt this.

That's all I really have to say about that. Thank you for letting us speak today. If you have any questions—

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Ms. Fife.

Ms. Catherine Fife: Thank you very much, both of you, for coming in and speaking specifically about the importance of housing and the importance of actually maintaining social assistance housing. It's a long-standing issue for the budget committee, to listen to the lack of investment to maintain it—which doesn't make very much sense, considering it was an initial investment.

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The clawback on social assistance: I'm really happy that you raised this issue. It came up across—this is our sixth day of finance committee meetings. I think it takes a lot of people by surprise—the fact that, if a single mother is on social assistance and the parent does come forward with some child support payments, even as low as $40 I've been told, the government then claws back that $40. I don't know if you've been following the news, but the Ministry of Transportation failed to collect $49 million in fines for road maintenance, yet they somehow can figure out how to claw back $40 from a single mother on social assistance. Can you just speak to the overall impact of basically taking money away from those individual parents?

Ms. Donna Borden: I can actually speak first-hand, because I'm a single mom, and I work. I've worked for the last 27 years. Prior to that, when my son was smaller—my son is a grown man now—I was receiving social assistance for a short time. They did take my child support. Even when I went back to work, they were still collecting my child support. Just recently, about two years ago, he won some money. They wouldn't let him cash his money until he paid back the child support. I got a very small portion of that, because the rest of it went to social services.

Through the years of raising my son and being on social services, he wasn't even able to go to hockey or baseball or anything like that, because the money I had was very limited. There was a lot less then—they're doing better now with the child tax credit and other things—so my son went without. Recently, if I would have gotten that money back, I could have given it to him to pay off his student loans that he took to go to university. I think that's what a lot of mothers experience.

Where I live, as well, they can't afford to have their kids join baseball, hockey or any kind of sports or any kind of events, because there's no money. They just live from cheque to cheque. That would really benefit them a lot, because it would go to help the children, help them with their school. Even with my son, when he was going to university, I had to pay for his books, so I had to take on a second job to help pay for his books, because it wasn't covered through the loans.

Ms. Catherine Fife: You mentioned that ACORN worked with the government of BC to exempt the child support payments. I don't know if you have any experience, but in my office, dealing with the Family Responsibility Office and trying to get the child support payments actually in place is a huge issue with the backlog. Even when that money finally does get to the parent, it just amazes me that they're able to find that $40, and they fail to collect on huge fines that they themselves issued to these road maintenance companies.

Ms. Donna Borden: That's why it's good for them all to work together. Then they can all figure out the tricks.

Ms. Catherine Fife: There's room for improvement, don't you think?

Ms. Donna Borden: Yes, absolutely.

Ms. Catherine Fife: But on housing—this is one of your core values. Can you speak to the importance of housing—affordable housing and supportive housing, for instance—to ensure that we do truly address poverty? That's the missing piece in any poverty reduction strategy. Perhaps staff could answer, as well.

Mr. Andrew Marciniak: Absolutely, there's a huge housing backlog here in Ontario. People are living in squalor. They're raising their families in terrible conditions that we've seen across the city—in Ottawa, as well, Ottawa community housing, Toronto community housing. We've been trying to get inclusionary housing here in the province.

I don't know if you want to talk about raising your kid in TCHC?

Ms. Donna Borden: As you know, TCHC is always in the news because of violence. There's a lot of violence. There's nothing for the children to do. They're not valued as human beings. Even my own apartment—and I'm a market-rent tenant, I don't want people to come and visit me there because of the disrepair of the apartment. I do my best. I don't want people to come there.

So a lot of people are just treated very differently. There are no activities for the children. When you're living with water leaking through the ceiling and no one is doing the repairs and you're not valued as human beings, of course the children are going to get themselves into trouble, because there's nothing there. The playgrounds are falling apart. I think that you would probably have a lot less problems with the children if people were treated with a little more respect, because they are paying their way.

Ms. Catherine Fife: There is thankfully, though, a Long-Term Affordable Housing Strategy that's supposed to be coming from the government, building on 2010. That plan has been criticized for not having targets and for not having accountability mechanisms. So money did go out there, but it didn't necessarily go towards building housing.

We're hopeful and we'll be counting on ACORN to give us some real, lived experience when this plan does come out—it's supposed to be from Minister McMeekin—but we're also hoping that there is some supportive housing built into that as well, because we have developmentally challenged citizens in the province of Ontario who need to be in a supportive housing environment.

We just had a presentation by the Co-operative Housing Federation of Ontario and Canada, and they raised the alarm that a federal program, actually, is going to be ending very quickly: the RGI assistance. That, of course, will negatively impact almost 2,000 Ontarians, with the possibility of losing housing.

The housing target is a moving target, but we thank you very much for coming in today and sharing your experiences.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. You have until tomorrow afternoon at 5 p.m. to hand in any written submission to the Clerk for this committee.

Ms. Donna Borden: Okay. Thank you so much.

The Chair (Ms. Soo Wong): Have a great day and thank you for being here.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Ms. Soo Wong): The next presenter is a familiar face to us: Mr. Don McCabe, the president of the Ontario Federation of Agriculture—and his colleague Jason Bent. Welcome, gentlemen. It's good to see both of you. This is an annual visit to our committee, isn't it? It's our annual visit.

As you probably 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, and the Clerk is coming around with your written submission.

Don or Jason, you may begin anytime. When you begin, please identify yourself for the purposes of Hansard. Thanks.

Mr. Don McCabe: Thank you, Chair. Yes, my name is Don McCabe. I'm president of the Ontario Federation of Agriculture. Accompanying me is Jason Bent, our research staff support. Jason, I'll have you introduce yourself.

Mr. Jason Bent: Thank you. Jason Bent, director of policy research with the Ontario Federation of Agriculture.

Mr. Don McCabe: I could never remember all that.

I wish to thank the committee for the opportunity for the Ontario Federation of Agriculture to be here. We do not take it lightly that we've had opportunities to be here in the past, and we hope we're here in the future.

The bottom line from our perspective: We do represent 36,000 farmer members, and those 36,000 are across the entire province. As of this current time, we have some very key priorities we wish to have recognized to exercise the strength of the farm business community. Just for the record, agri-food is your number one industry in Ontario. We generate $34 billion in GDP and employ 740,000 people.

The feeding aspect of all these people is the first priority of our farmer members, but at the same time, they're taking care of the environment and they're building jobs as they move ahead. What connection does that have to your constituency? A lot of those jobs hide here in Toronto because this is the second-largest food processing centre in north America. Some days Chicago overtakes it, but most days, I like to think, Toronto is there. Everybody in your constituencies eats, and they take it for granted.

Interjection.

Mr. Don McCabe: Well, I am personally a walking testimonial to obesity or food safety, and I'll take the latter.

The opportunity, then, for us today in this pre-budget submission is to outline some actions that we would like to move ahead with here. The Premier gave us a challenge a while ago, and that was to double our annual growth rate and create 120,000 new jobs by 2020. We see this as a definitive goal we wish to achieve, but it will require collaboration between government and industry.

I'd like to acknowledge that Conservation Ontario was just in here, and that's part of our environmental side. Later today, you will be having the Ontario Chamber of Commerce come in to make a presentation. The Ontario Federation of Agriculture is a member of the Ontario Chamber of Commerce. We share similar mandates and we both work on behalf of businesses in the province.

Recently—as in last week—the chamber released their Emerging Stronger 2016. The common bond here is that we agree with the chamber in recognizing the need to curb rising electricity costs, extend broadband Internet across the entire province, ensure that the cap-and-trade system that's being developed now will not only help with Ontario agriculture to illustrate the solution-provider that it is, but also instigate new businesses like the bio-economy. I know that you have heard from Murray McLaughlin with the Bioindustrial Innovation Canada network, and we're thankful for this government putting money into BioAmber, but there's more that we can do.

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We know that the Premier is currently in India. We appreciate very much that this could be the opportunity to promote Ontario's agri-food sector. This is also a necessity as we move ahead.

You are also going to hear from Union Gas. The bottom line is that this province only has 20% of its area covered in infrastructure for natural gas that's needed. Our fellow provinces Alberta and Saskatchewan are under 100%. This should not be an issue of looking to halt this because it's a greenhouse gas. Remember: Cows work with that greenhouse gas every day of the week. This is an opportunity to make use of a less-toxic pollutant and for us to put natural gas back into the system and become our own source.

You put a commitment in the 2014 budget and it was repeated in the 2015 budget. We require that commitment to be maintained or enhanced; let's get shovels into the ground as we move ahead.

On that particular note, I would like to make reference to the fact that Prime Minister Trudeau recently, in Davos, Switzerland, at the World Economic Forum, pointed out that it's the resourcefulness of the people in this country that he wants to highlight with the resources.

Bottom line: Agriculture, agri-food is your sector that exemplifies it all, but we can't do it without collaboration between government and industry.

We have three pre-conditions to be able to meet all of these particular initiatives: investing in rural infrastructures, supporting farm business success, and taking climate change action.

On the rural infrastructure issue, we need the natural gas brought in and the broadband Internet. We want to also highlight northern infrastructure projects to expand northern agriculture. We want to look at opportunities of expanding the bio-economy as we move ahead.

On the issue of supporting farm business success, electricity is right there. The Ontario Federation of Agriculture requires the farm industrial electricity rate to be back in place to assist in lowering that cost at the farm gate.

It also means supporting farm businesses as they manage risk. There's only one rule in farming, and it's called "Mother Nature wins." Therefore, no matter what you do and how well you do it, you can still end up with issues of dealing with risks that are beyond your control. Therefore, we're in support of the OASC recommendation on raising the funding cap on the risk management program over the next three years.

Risk can also be mitigated through good research. Research opportunities are absolutely necessary. We look for increased funding dedicated to agriculture research and for that investment to hit the ground running through technology transfer processes, and then farmers will pick up on it through financial incentives. This is where we can link this to the issue of mitigation in climate change, because in agriculture, we don't only mitigate, we adapt. My draw-bolt doesn't know whether it's mitigating or adapting when it's in that no-till drill, it just knows it's under stress, so let's make sure we remove that stress.

Because the climate change issue will be with us for some time ahead, we need to be planning in that form for adaptation, and that is bridges and infrastructure. But on the other side, the immediate mitigation comes back to the issue of definition of protocols and fits the issue of research as we move ahead.

The OFA applauds the issue of using cap and trade as the market mechanism. It will help us move along to those targets, but we need to be planning for those targets now.

In closing, agriculture has lots to offer. That's why we're urging the Ontario government to design an offset system. In this particular aspect, it allows us the greatest opportunity, and this greatest opportunity extends across the entire spectrum.

Thank you for the opportunity to present today.

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

I'm going to turn to Mr. Milczyn to begin this round of questioning.

Mr. Peter Z. Milczyn: Good morning, Mr. McCabe. It's always a pleasure to hear from you and see you here at Queen's Park. You failed to mention that if we all ate that good, healthy Ontario food we'd all be in better shape.

Thank you for an excellent submission to the committee. It's very well rounded. You touch on a number of things. I wanted to start off with infrastructure. Minister Duguid has been working across the province with different stakeholders on the issue of natural gas infrastructure expansion, and also expanding broadband access. The southwest wardens and, I believe, the eastern wardens both have great proposals that are being worked on to expand broadband access in those communities, and we're also doing more in northern Ontario.

Could you maybe tell us a little bit about where you see that program going and how we could work in partnership with people in rural Ontario to bring it to fruition more quickly?

Mr. Don McCabe: Well, I think we're at the point where consultation is done, well done and overdone, so let's move on to actually making the investment, releasing the money and allowing the people who identified their ability to get these jobs done in place. That's Union and Enbridge on issues of natural gas. It is the issue of having the resolution between what some say needs to be a whole new infrastructure versus other entities that say it's just the last mile that needs to be connected.

The bottom line: I only get one chance to plant a year. I take it. I'd really like the government to start planting dollars.

Mr. Peter Z. Milczyn: I know that Minister Duguid, as you said, has done all the consultation, so I know we're going to be moving forward.

I really appreciate what you've put forward in terms of climate change and some of the issues there, looking at the bio-economy as part of the solution, but also, because I'm the parliamentary assistant for infrastructure, your recommendations around building resilient infrastructure: taking the infrastructure spending that we're doing around the province and not just rebuilding a road or rebuilding a bridge that was already there, but looking at how to do it so that that infrastructure will be sustainable in the long term, whether climate change is an issue, more flooding or more severe weather events. Certainly in rural Ontario, on the farm, you feel it; you're the first ones to feel these changes.

Working with the more rural municipalities in developing asset management plans—do you think there's more of a role that we could do to assist those municipalities in developing that type of resilient infrastructure by leveraging the money that we're providing to them for infrastructure?

Mr. Don McCabe: I think you're in a better position to address the concerns that I'm about to raise here, with due respect, sir, because the prospectus that I hear is that we have a five-year plan for climate change that will be coming down. I do hope that is rounded in the issue of opening the door for small rural municipalities to deal with.

I happen to have had the opportunity to serve as a fire chief in the municipality of Brooke-Alvinston. Its largest town is Alvinston, population 600, and that's if you count all the cats; Inwood is 250. The reality is that as fire chief, I was still required to maintain the same standards in that municipality as the city of Toronto is. It's very difficult to rationalize to your local residency that you need a fire truck that is $275,000 just to haul around uniforms.

As you move these sorts of structures and these ideas out, I think it's time to take a harder look at what level of standards are necessary to be achieved in these things, and it comes back to collaborating definitively with Ottawa, which wishes to get some money out the door in a hurry. It's time for us to be bold in our actions and stop worrying about all the absolute semicolons and commas as we move ahead, because the engineering studies in a lot of cases are already there. Let's move on issues of getting this country moving again, and do it in collaboration with a government that seems to want to move dollars immediately. You both can link this in your budget and get it done.

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Mr. Peter Z. Milczyn: Thank you. A final question that I wanted to put to you is around promoting and marketing Ontario food products more effectively. Given the fact that the dollar has now dropped, which makes it that much more expensive to import produce, I assume that's going to be a positive for our Ontario producers. It's going to be that much easier for them to get the product into local hands, the product that's available.

On the issue of marketing: a small thing perhaps, but our Ontario craft brewers, where there's a lot of impetus being put on promoting those local producers who, in many cases, try to use locally grown products to put in their beer, and they are in local communities—are we doing enough in that area? Are there some good ideas you have on how to promote Ontario farm produce and Ontario processed foods and beverages better to our population?

Mr. Don McCabe: Well, I'd like to put on the record that the Ontario Federation of Agriculture applauds the work of Foodland Ontario to get these things done. We certainly appreciate the hard work of Minister Leal and Minister Chan and the recent work to go to China, and we applaud the Premier being in India right now to move our issues ahead.

The reality becomes that no matter what is grown in Ontario, it started local, and it started local with the entire issue of the fact that we feed the world before we're done. The issues of removing barriers internal to us can be highlighted in the issues of dealing with things for small craft brewers. It can be done in the issues of even dealing with why Spirits Canada can't be within a grocery store. I find that one baffling.

The Chair (Ms. Soo Wong): Mr. McCabe, I need to stop you here. Thank you so much for your presentation and your written submission, and thank you for your annual visit with us.

Mr. Don McCabe: Thank you very much. I look forward to next year.

The Chair (Ms. Soo Wong): Have a good morning and a good day.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Secondary School Teachers' Federation, OSSTF. We have Paul Elliott, and I believe we have your colleagues here, Mr. Elliott. The Clerk is coming around with the submission from the OSSTF.

Good morning, Mr. Elliott. You're welcome to have a seat. While the Clerk is coming around with your written submission, I'm just going to give you some instructions, simple ones. You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party. You may begin any time. When you begin, please identify yourself for the purposes of Hansard. So welcome, Mr. Elliott, and your colleague, whom all of us know in this room.

Mr. Paul Elliott: Hi. My name is Paul Elliott. I'm president of the Ontario Secondary School Teachers' Federation.

I'll jump right into it. Just so everybody is clear, we represent 60,000 public high school teachers, occasional teachers, educational assistants, con-ed teachers, instructors, early childhood educators, psychologists, secretaries, speech-language pathologists, social workers, university support staff, plant support personnel, attendance counsellors, and many other educational workers, from full-day kindergarten programs to the university sector. So we don't just represent teachers and speak on their behalf; we represent a wide range of that work and front-line workers that work in it.

The first piece I'd like to jump into is the reconsideration of the austerity agenda, something that we have been dealing with specifically for the last two years—and very specifically, with the flat-line budgeting in education.

A couple of points to make here: The government's commitment to an austerity program focused on balancing the budget by 2017-18 is not widely supported by the people of Ontario. We need only look at the results of the last two elections in Ontario as evidence of that lack of support. While the provincial Liberals did state as part of their 2014 campaign platform a desire to balance the budget, the election was dominated by Tim Hudak's more severe austerity program to eliminate 100,000 public sector jobs. Ontarians voted strongly against austerity.

Just recently, in the concluded federal election, the federal Liberals rejected the talk of austerity and balanced budgets in favour of stimulating the economy. In the face of both the federal Conservatives' and New Democratic Party's plans for a balanced budget, Ontarians voted for a federal Liberal Party that clearly demonstrated an aversion to austerity. At OSSTF, we believe that Ontarians have been clear that they reject austerity in favour of helping our society, which includes helping our students.

In a recent Canadian Centre for Policy Alternatives report entitled No Crisis on the Horizon, released in January of this year, it concluded, "This paper shows that the growth in Ontario's debt-to-GDP ratio since the 2008 recession is slower than it was after the 1991 recession. Further, given the low interest rate environment, there is no Ontario debt crisis looming on the horizon. With expanded revenue generation and improved federal transfers, a strategy that focuses on economic growth is the best means of reducing Ontario's debt-to-GDP ratio moving forward."

Ontario has not hit a debt wall. We urge the government to reject the austerity budget, with its arbitrary deadlines, in favour of a budget focused on the needs of the people.

I'll go specifically to education and what we have been dealing with in terms of the flat-lined Grants for Student Needs. The 2015-16 Grants for Student Needs are essentially the same as they were in 2014-15. When combined with a decrease in average daily enrolment since 2014-15, it appears there has been an increased investment. However, when the GSNs are analyzed and the actual increases and decreases become evident, a different picture emerges.

The Pupil Foundation Grant, the Geographic Circumstances Grant, Learning Opportunities Grant, the continuing education grant, the declining enrolment grant and the school operations grant have been collectively reduced by almost $90 million. These grants are used directly to hire staff in schools, and their reduction has produced layoffs in school boards across the province and fewer services for students who need it most.

Other grants that were increased were those that had an inflationary component only and, therefore, needed to be increased to keep up with costs.

Some grants were adjusted through the School Board Efficiencies and Modernization Strategy, which effectively incentivized school boards to close or consolidate schools. The increase to funding was predominantly used to increase administration in those schools instead of ensuring an adequate staffing level of front-line workers.

Flat-lining of the budget has led to fewer supports to students, and increased the gap between the haves and have-nots in access by the ever-growing "bring your own device" program.

Just an aside on that: Last night I learned of a school board that has now said they will not replace computers; that now, when they are dead, when they need to be repaired, the onus will be on the students to bring their own devices to school. Consequently, they increased a growing gap between the haves and have-nots in funding.

In special ed, funding is transitioning from a needs basis to a statistical prediction model, causing massive redistribution of special ed funding in the province, thereby causing tremendous upheaval in special ed staffing. Some school boards have gained staff while some boards, such as the Bluewater District School Board, laid off 50 educational assistants who worked directly with high-needs students. This also greatly affected many of our autistic students, as a variance in funding between boards has altered the delivery, support and services they require.

We have parents out there who will actually move from one jurisdiction and one school board—for instance, from Halton to Hamilton—simply because of the assistance they can get through the public school board for their autistic child.

Boards are being forced to redesign the jobs of high-needs support staff to only support the highest-needs students. Educational assistants, for example, are being redeployed from supporting a broad range of high-needs students to ensuring the safety of the highest-needs students. Individual student support has been eroded or eliminated. This places a greater stress on teachers and other staff to ensure that all students, including our high-needs students, have every opportunity to succeed.

Prior to the new GSNs introduced by the Harris government in the early 2000s, the funding for adult education was equivalent to funding for those under 21 years of age. The Harris government reduced funding for adults by over 50% and caused the closing of successful adult education programs across the province, and we still continue to feel the legacy of this now.

Despite the government's changes to education policy programs and funding, it is one of the major disparities that remain. Analysis of the adult education funding estimates for 2015-16 have added to a funding gap of close to $110 million. With the arrival of refugees from Syria and other areas of the world in crisis, the pressure on school boards to meet the needs of these vulnerable people and adults will be enormous, despite any federal assistance.

What we have seen, even despite flat-lining in the budget, is that funding for programs that could impact actual student achievement through the support of additional front-line staff is actually being spent on administrative staff instead. There has been a proliferation in boards of principals, in programming such as innovation, student success, FNMI etc. These bureaucracies are becoming more common.

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OSSTF/FEESO's analysis estimates that up to $30 million is being spent on these types of positions. The funding would be better spent on front-line staff who work with students rather than the administrative expansion.

"Education program—other" funding is funding outside of the GSNs for specific purposes and the reporting mechanisms aren't as rigorous as they are for the GSN funding. The only accountability mechanism for school boards is a director of education's attestation as to how funding is being used.

In 2015-16, $180 million will be sent to school boards to support programs not traditionally funded through the GSNs. These funds are not tracked and tend to flow to administrative spending lines when they'd be better used to fund front-line supports for students.

What you have attached here—and I thought it would be worthwhile—we have also prepared a submission on education funding that was done in December of last year, in preparation for the development of the budget. It has outlined in more specific detail savings through the elimination of EQAO testing, the expansion of grade 7 to 12 schools, the efficient use of schools and expanded accountability measures.

For everything that's in there, what we're really looking at is that there are much more efficient ways to deal with the education budget. But flat-lining of the education budget has had an impact, and it has had an impact on those students who need it the most, is what we have seen directly.

The funding for the full-day learning program has turned out to be—and boards are dealing with it the best they can—inadequate, as it needs to be done. What we are seeing across the province is a complete proliferation of combined classes of kindergarten and grade 1 to get around the requirements for the class sizes. When you start to combine those classes, the requirements to have an ECE in to help those full-day kindergarten students are not the same, and consequently school boards are doing what they can to get around that.

We are seeing combined classes of upwards of 30 students simply because they don't have the funding to do the program they need to, or they are combining the classes and shifting money into other programs, and there's no accountability for it.

How much time do I have?

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

Mr. Paul Elliott: I think I'll stop there.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Mr. Barrett to begin this round of questioning.

Mr. Toby Barrett: Thanks, OSSTF, for the presentation. I haven't had time to read all of the rest of it. I just got through the first few pages. I'm a former member of OSSTF, as your colleague here knows. Actually, Julia Munro is a former member of OSSTF.

Under special education, you mentioned one board has laid off 50 educational assistants. Is there no protocol, procedure or guideline that prevents that from happening? I mean, how far can this be taken? Can you lay all of them off or is there not a law?

Mr. Paul Elliott: Yes, it's directly related to the funding. The funding is based upon your average daily enrolment in the schools. That's how the funding is generated. It used to be generated based upon the needs of the students, but there was a shift in there that connected, really, to how many students you have—not the students who have needs, but how many students are in the schools.

Once that was done, we've seen, I would say, significant disparity. We're seeing some of the smaller school boards, such as Bluewater, which was really the hardest-hit by a lot of this—you haven't seen a decline in the number of high-needs students, but what you've seen, maybe, is a decline in the enrolment. Consequently, the school boards' funding has gone down and they're finding that they have to lay off the educational assistants that really need to be there.

Mr. Toby Barrett: With all the negotiations, we hear the expression "net zero," so money in. I guess my question is, to achieve net zero, what is required with respect to cuts? I don't have the figures. Do we have the figures now, say, with OSSTF? I assume there were recent negotiations; I don't follow it that closely. How much did that cost the government and what was the end result?

Mr. Paul Elliott: I can't honestly remember off the top of my head because that's one of the things that we look at. I do know that when we were in negotiations and dealing with the net zero, it was made very clear by government that it had to be a net-zero framework. We did what we could, and I believe that the government found savings in various places to pay for those, I would say, minimal increases that we actually went through.

I think, in terms of just the negotiation section, that framework of net zero was met. That's the only way that we were actually going to be able to settle those deals, through a net-zero deal. Some of the other things that we are talking about, just in terms of the numbers, the funding for devices, all of those other things that maintain the certain class sizes—that's where you get into that flat-lining issue.

But the net zero, in terms of where they're going to go and all of that, was respected through the bargaining process. I think what we're talking about here is the actual funding for the school boards outside of salary.

Mr. Toby Barrett: So you're saying a minimal increase in salary—you're suggesting a minimal increase in cuts?

Mr. Paul Elliott: No. In terms of the bargaining—and I don't want to confuse this: In the bargaining, the net zero was focused on what was in the contracts. Whatever was in the contracts had to be a net zero. So if you're going to get this, you're going to lose it somewhere else. There were two significant areas where it was cut. One was the retirement gratuities that still were vested out there. There was a calculation that was done that if you want to take it now, you're only going to get a small percentage of it—that, in turn, would save money.

That was one aspect. The other had to deal with the secondary staffing money that had been promised in 2013 and that hadn't been spent. That money that still had been promised but hadn't been spent was allocated towards that also.

Mr. Toby Barrett: Are these figures public yet?

Mr. Paul Elliott: They should be public somewhere. I'm sure they are, because I know the Auditor General has been in touch with our office and, I believe, in touch with the government, too.

Mr. Toby Barrett: One other thing we hear about—when I taught, there was a demand for teachers, but then as the baby boomers went on to university or into the trades or whatever and out of high school, there was a lack of demand. How do we square this situation where, as I understand it, there continues to be a significant number of teachers graduating from teachers' college but there aren't the teaching jobs? I don't know whether there is anyone addressing this.

Mr. Paul Elliott: Well, I will say this much—and you can probably say that you heard it here first then. I predict a drastic teaching shortage within the next five years for two reasons: one is that the program has gone from a one-year program to a two-year program, coupled with the fact that people are starting to understand—especially those students—that there aren't jobs in there.

We've seen enrolment drastically cut. Two years ago, there were 12,000 who were applying to get into teachers' college; that number is down to roughly 3,500 now. Out of that 3,500, there may be 3,000 who graduate—and I'll say "may be." Out of that 3,000 who graduate—two years ago, there were 9,500 graduating.

So there is going to be a significant change in the number of candidates who are coming out of the program, and we'll have to wait and see what that is. But at that time, you're going to have more retirements than there are students actually graduating. You're going to see a significant shift in the next five years.

The Chair (Ms. Soo Wong): Okay, Mr. Elliott. Thank you for your presentation and your written submission. Thank you both for being here.

Thank you, gentlemen. Have a good day.

UNION GAS

The Chair (Ms. Soo Wong): The last speaker before we recess for lunch is from Union Gas. I've been told by the Clerk that it's Matthew Gibson, the director of government affairs, joining us this morning.

Good morning. Welcome. Mr. Gibson, you have 10 minutes for your presentation, followed by five minutes of questioning. You may begin any time. When you being, can you please identify yourself for the purpose of Hansard? This round of questioning will be coming from the third party. Welcome.

Mr. Matthew Gibson: Perfect. Good morning. My name is Matthew Gibson. I'm the director of government affairs at Union Gas. We serve roughly 1.4 million natural gas customers across 400 different communities here in Ontario. On behalf of Union Gas, I'd like to thank the Standing Committee on Finance and Economic Affairs for inviting us here today.

Today, I'm going to talk about the tremendous opportunity Ontario has to lower both greenhouse gas emissions and the energy bills of thousands of Ontarians. This tremendous opportunity can be realized by expanding access to a fuel that millions of Ontarians already enjoy and, I dare say, some might even take for granted: natural gas.

Low natural gas prices have meant as much as $5 billion in annual savings for Ontarians since 2008. That's as much as $40 billion since the great recession, and rates are projected to remain low for years to come thanks to abundant supply located right here in North America.

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Over the past two winters, homeowners have saved between $1,700 and $2,200 a year by using natural gas rather than electricity, oil, propane etc. to heat their water and their food. For every 100 residents who switched from oil to natural gas, the equivalent of 68 cars have been removed from the road in terms of lower GHG emissions.

Benefits to business and industry are obviously even higher. Whether you look to our neighbours just to the south or halfway around the world to countries like China and India, it's clear that many jurisdictions see the advantage that natural gas offers as an economic driver and as a useful tool in lowering emissions.

May I remind you that right here in this province, it was natural gas that moved us off coal. Today, although it doesn't get much press, natural gas is the key to Ontario's move to wind and solar power, allowing the system to provide seamless and reliable service even when the sun isn't shining and the wind isn't blowing.

Those facts make the case that expanding natural gas service to more communities in Ontario will help deliver the GHG reductions the province wants and needs, and ease the burden of high energy bills that many Ontarians are currently struggling with. But there's so much more to this story.

Let me tell you about an Ontario community called Red Lake. Red Lake is more than 530 kilometres northwest of Thunder Bay. All told, about 5,000 people live there in the six towns that make up the municipality. As you can imagine, winters get pretty cold up there. For a month or so, temperatures will drop to minus 30. That makes the cost of winter a very important issue.

Until 2012, folks in Red Lake didn't have access to the lowest-cost heating out there—they didn't have access to natural gas. That means some were heating their homes and businesses with more expensive, more carbon-intensive fuels like oil and propane. Some even used expensive electricity. Others used wood. They had been asking for access to natural gas for more than a decade. So how did we finally get it there? It took three and a half years of work, which included a regulatory application, the co-operation of Goldcorp, three levels of government and a combined investment of roughly $40 million.

The arrival of natural gas had an immediate and real impact. Noel Dumontier, Red Lake's municipal building officer, saw his personal bill drop by about $500 the winter he switched over. That's $500 per bill. He was going to use his savings to put in a pool at the time, which he hopes will get the grandchildren over a little more often.

Michele Alderton is the director of the Red Lake Regional Heritage Centre, a museum that brings to life the region's rich aboriginal, fur trading and mining history. In the winter of 2013, after making the switch to natural gas, she watched the centre's bill drop by roughly 50%. She says those savings are literally keeping the doors open.

Mayor Phil Vinet calls natural gas a game changer.

You probably won't be surprised to hear that Red Lake has welcomed natural gas with open arms. As of the end of 2015, we've attached roughly 90% of the residents there. Those conversions reduced GHG emissions in Red Lake by an estimated 20%, the equivalent of removing about 1,500 cars from Ontario's roads. But here's the thing: Bringing natural gas to Red Lake shouldn't be the end of this story. It should be just the beginning.

There are dozens and dozens and dozens of communities out there across Ontario, remote and First Nations communities etc., that still don't have access to affordable and abundant natural gas. We've been hearing from them too—communities like Milverton, Lambton Shores, Kettle and Stony Point First Nation, Prince township, Walpole Island First Nation and Delaware Nation at Moraviantown. For several years now, we have been advocating for new approaches to extend service to communities where there's a significant economic hurdle. These approaches include things like financial contributions from municipal and provincial governments, regulatory flexibility and contributions from residents and local businesses.

We were pleased to see that in 2014, the government of the day committed to funding $200 million in natural gas access loans and $30 million in economic development grants. We were also pleased that these commitments were confirmed in the 2015 provincial budget. In addition, we jumped at the opportunity when, in February of last year, the Ontario Energy Board asked interested natural gas distributors to submit community expansion proposals along with proposed forms of regulatory flexibility.

We submitted a proposal to extend service to 29 rural and First Nation communities, helping residents and businesses save on their energy costs while lowering GHG emissions by the equivalent of removing roughly 2,700 cars from the road. We were the first and only utility to submit a proposal; however, the OEB recently informed us, just late last month, that our proposal was being put on hold and that the regulatory body was instead moving towards a generic proceeding on community expansion. For those communities crying out for access to natural gas, this generic proceeding—essentially, a process the board uses to go back to the drawing board on an issue—means everyone will just have to wait a little longer.

We will continue to work hard to find a way forward for these communities because we firmly believe in the opportunity natural gas has to offer them and the province as a whole.

While we have your ear, I'd like to say a few words about Ontario's cap-and-trade proposal. Let me start by saying that Union Gas supports the move to a lower-carbon economy. We have been providing our expertise and feedback to all the related ministries as the cap-and-trade framework is being developed. While moving to a lower-carbon future is a positive environmental choice, whatever policy framework is developed must be a realistic and workable one that, yes, lowers emissions, but also protects Ontario families from escalating energy costs and grows Ontario's economy. That means recognizing and embracing natural gas as a key to balancing those three goals.

In addition to community expansion, Ontario has the opportunity to leverage natural gas even further on a number of other fronts. Premier Wynne has pledged that revenues from cap and trade will be reinvested in projects to help drive further GHG reductions. If invested wisely, these projects could help Ontario residents, businesses and industry.

Here's how: Transportation is the single largest source of GHG emissions. It represents about one third of overall emissions. While the government has indicated a desire to push towards the large-scale adoption of electric vehicles, there are some segments of the transportation market where electrification is simply not an option. That's where natural gas comes in.

For long-haul, heavy-duty transportation and return-to-base fleets, liquefied natural gas and compressed natural gas can deliver the emissions reductions the province is looking for, as well as cost savings. We've seen this in Hamilton, where we are supporting the local public transit provider as it grows its CNG bus fleet to a total of 120 vehicles over the next six years. This move represents about $40 million in savings over the next 20 years and is expected to reduce emissions by about 25%, the equivalent of removing 18,000 cars from the road.

By making the required policy changes and providing the right incentives to the LNG and CNG markets, they can be leveraged in this sector. By 2030, we can achieve annual emissions reductions that would be the same as replacing 750,000 cars with electric vehicles.

This committee has already heard from the province's greenhouse growers about the importance of natural gas to their business. Combined heat and power systems, which produce heat and electricity at the same time, allow businesses like theirs to reduce operating costs while freeing up the electricity grid for other uses. This would be critical to support the government's desire to move to a widespread adoption of electric cars. As such, CHP systems should be supported and encouraged under the cap-and-trade program through mechanisms such as incentive programs, as well as free allowances for small-scale systems. We could see 1,000 megawatts of new CHP by 2030, which could reduce emissions by displacing grid-connected, gas-fired generation.

Finally, there's renewable natural gas, harvested from landfills, waste water treatment plants and farms.

The Chair (Ms. Soo Wong): Mr. Gibson, can you please wrap up? Thank you.

Mr. Matthew Gibson: Yes.

Using more RNG in the existing distribution system is the ultimate in recycling. This is exactly the type of new industry we believe the government aspires to support as Ontario moves to lower emissions. To that end, we believe cap-and-trade revenues should be used to support the technology development that will be needed to meet the 2030 targets.

To conclude, we believe that natural gas can deliver real emissions reductions for this province. We know that natural gas can help residents—

The Chair (Ms. Soo Wong): Mr. Gibson, I'm going to stop you because when I say "wrap up," it means wrap up.

Mr. Matthew Gibson: I'm happy to provide the remainder of my remarks to the committee members.

The Chair (Ms. Soo Wong): I'm going to turn to Ms. Fife to begin this round of questioning.

Ms. Catherine Fife: Thank you very much. Did you want to just finish your last comment there?

Mr. Matthew Gibson: I just want to thank the committee for their time and attention today. Thank you.

Ms. Catherine Fife: Thanks very much, Matthew. You were supposed to also present with Tim Kennedy, who's the vice-president of government and aboriginal affairs.

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Mr. Matthew Gibson: Yes. Tim is stuck in Ottawa today with the flu, unfortunately.

Ms. Catherine Fife: Okay. I only mention it because—I'm happy that you told us about Red Lake and the positive impact and outcomes from that installation. But I'm also very interested to ask what your specific budget asks are of this committee, because we need the asks. I assume that you'll be giving us a hard copy.

When you were asking for regulatory flexibility as it relates to these—first of all, how many rural First Nation communities did you put an application in to the energy board for?

Mr. Matthew Gibson: In our original proposal, two.

Ms. Catherine Fife: There were two.

Mr. Matthew Gibson: But that was just to start.

Ms. Catherine Fife: Because it was a pilot? Was this originally a pilot project?

Mr. Matthew Gibson: We believe we could connect those communities, with little or no taxpayer dollars involved, by having some regulatory flexibility given to us by the Ontario Energy Board. We believe that those projects would instantly become economic.

There are a lot of communities where we could put shovels in the ground tomorrow, with those types of tools in place, but we wanted to ensure that aboriginal communities were seen through a similar lens and treated fairly and equitably, with other opportunities.

Ms. Catherine Fife: I think that's commendable. We heard, when we were up in Thunder Bay, that there are a number of communities that are still running on diesel.

Mr. Matthew Gibson: Yes.

Ms. Catherine Fife: That's incredible, in 2016.

Mr. Matthew Gibson: It represents a huge opportunity. The diesel-generating fleet, supported and fuelled with federal contributions, is something that we're looking at with regard to a real and meaningful policy change.

Ms. Catherine Fife: Yes. You had put this community expansion proposal in for rural First Nation community access, and then the energy board came back and told you that it was going to be on hold.

Mr. Matthew Gibson: That's right.

Ms. Catherine Fife: And the rationale at that time was what?

Mr. Matthew Gibson: I can't comment on behalf of the Ontario Energy Board. What I will say is that we had an ambitious plan we had hoped to move forward with. We moved forward with that plan with the support of the minister's office, with the support of the government, which has, to their credit, pushed and promoted natural gas expansion in Ontario. The Ontario Energy Board, I think, is unsure of how to proceed: whether or not to rule on our proposal or have a larger discussion. I think they have erred on the side of what they see as cautionary and have decided to have a larger discussion.

Unfortunately, that means people who are forced to use expensive electricity and dirtier fuels to heat their homes and provide themselves with energy will be left without natural gas until that discussion, at some point, is concluded.

Ms. Catherine Fife: So that's a bit of a missed opportunity. But we have also seen several delegations over the last six days ask that the government look at infrastructure investments through the lens of cap and trade and reducing greenhouse gas emissions, including the Ontario farming association as well. They have asked now—I think they're on their third, maybe their fourth, year of asking for rural natural gas infrastructure.

This is an economic issue, but it's also an environmental issue as well. Do you want to comment on this?

Mr. Matthew Gibson: We are in close contact with the OFA and have been working with them on some of the more technical aspects of their proposal.

We've also been working together on the advocacy front to inform MPPs like yourselves on the opportunity. It's an opportunity for the agricultural sector. It's an opportunity for any rural community, much like broadband. You've heard a lot about broadband access over the years. Businesses, investment and job creation simply will not and cannot take place in these communities without access to natural gas.

Ms. Catherine Fife: I wonder if this has to do with the government's framework around cap and trade. We've had a couple of announcements of a plan to make an announcement, and then we have heard some announcements about a plan that will be forthcoming.

I do appreciate the fact that you specifically have asked the government to ensure that any revenue that comes from cap and trade is in turn then reinvested, because then there are no more excuses to not invest in expansion of natural gas infrastructure.

Mr. Matthew Gibson: The natural gas sector, the natural gas utilities—ourselves and Enbridge—will be the two single largest customers, if you will, of the cap-and-trade program. We will be required to purchase allowance on behalf of our customers. As the two largest customers under that program, we would hope that our voice was heard loud and clear with regard to where those funds would best be directed. Obviously, we feel that they should come back in the form of some programs that I've outlined: transportation initiatives; combined heat and power initiatives for the greenhouse sector; conservation and demand-side management programs etc.

Ms. Catherine Fife: Thank you very much.

The Chair (Ms. Soo Wong): Okay. Mr. Gibson, thank you for your presentation. You have until tomorrow afternoon at 5 p.m. to give your written submission to the committee.

Mr. Matthew Gibson: Thank you very much. Have a great day.

The Chair (Ms. Soo Wong): You too. Thank you.

I'm going to recess the committee until 1 p.m. for the afternoon session, okay?

The committee recessed from 1155 to 1300.

The Chair (Ms. Soo Wong): I'm going to resume the Standing Committee on Finance and Economic Affairs. It's now 1 o'clock.

ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS

The Chair (Ms. Soo Wong): The first witness before us this afternoon is the Ontario Confederation of University Faculty Associations. Welcome and good afternoon.

I just want to give you some quick instructions for the presentation. 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. When you begin, please identify yourself for the purposes of Hansard.

Dr. Judy Bates: Good afternoon, Madam Chair. Thank you for inviting us. My name is Judy Bates, and I'm the president of OCUFA, the Ontario Confederation of University Faculty Associations, and a professor at Wilfrid Laurier University. With me this afternoon is Mark Rosenfeld, OCUFA's executive director. Again, thank you very much indeed for offering us this opportunity to speak to you today.

OCUFA is the provincial voice for university faculty in Ontario. We represent about 17,000 faculty members and academic librarians in 28 member associations across the province.

Our pre-budget recommendations are directed towards enhancing the quality of university education through increased government investment. Ontario's universities are world-class institutions that deliver enormous value to our society through expanding knowledge, driving innovation and strengthening our economy. But for too long, the government of Ontario has allowed its investment in universities to fall behind. Years of inadequate public investment is threatening our universities' ability to fulfill their core missions of teaching and research at the highest standard.

I'm going to address the funding issue now.

On a per student basis, Ontario's universities receive the lowest level of public funding in all of Canada—that's the lowest level. Ontario has now ranked last on per student funding in Canada for six consecutive years. In 2013-14, Ontario's per student operating grants were 35% behind the rest of the country. Even when tuition fees, also the highest in Canada, are included in the overall revenue picture, Ontario's universities are still at the back of the pack. For the first time ever, tuition fee revenue surpassed public funding as the majority source of university operating budgets this past year.

Low levels of public funding undermine our universities by continually forcing them to do more with less. In terms of the number of students taught, graduation rates and research output, Ontario's universities are leaders in Canada, and they do this on the tightest budgets in the country. But universities and faculty are increasingly overextended. Our impressive level of productivity cannot be maintained in the long term against the backdrop of inadequate public funding.

To bring per student funding of Ontario's universities in line with the average in the rest of Canada would require an additional investment of over $3 billion between 2016-17 and 2020-21. We recognize that a commitment to invest of this magnitude is unlikely in the short term, so we recommend, at an absolute minimum, that the government must maintain their current level of per student funding. With anticipated enrolment, and adjusting for inflation, investment on this scale would require an additional $150 million in 2016-17 above the nearly $3.5 billion that was allocated to universities in 2015-16.

Maintaining the current level of investment in higher education until more substantial investments can be made will help to ensure that our universities don't fall further behind. This will also give faculty the breathing room they need to maintain the quality of education that our students receive and deserve.

Professors and academic librarians are at the heart of Ontario universities. They mentor and teach students and conduct research. Without professors, of course, there is no university. However, full-time faculty hiring is not keeping pace with student enrolment. The gap in faculty hiring has widened as increases in student enrolment have outstripped increases in faculty hiring in every year since the year 2000. Between 2000-01 and 2014-15, full-time enrolment increased by almost three quarters: 73%. Over the same period, the number of full-time faculty employed at Ontario universities increased by only one third: 32%.

The impact of this hiring gap in the classroom is dramatic. In 2010-11, there were 28 students for every full-time faculty member at an Ontario university, compared to an average of 20 to 1 in the rest of Canada. In 2014-15, the student-faculty ratio in Ontario increased even further, to almost 30 to 1.

To support student-faculty interaction and high-quality student learning, we must invest in hiring more full-time faculty. To bring Ontario's student-faculty ratio in line with the rest of Canada, OCUFA estimates that over 8,500 full-time professors would need to be hired between now and 2020, or 1,700 faculty members per year. Hiring at this level would require an additional public investment of $189 million a year.

While there's a lack of comprehensive province-wide data available, OCUFA estimates that while the faculty hiring gap has widened, the number of courses taught by contract faculty has doubled since the year 2000. This shift takes its toll on the individuals who are employed in these positions. Contract faculty have job insecurity, and last-minute hiring means that they lack the stability they need to make long-term plans for themselves and their families.

This type of precarious employment has been shown to have negative impacts on general and mental health, household well-being, community participation and workplace productivity. Many contract faculty work at multiple universities simultaneously to make a living, which requires a lot of time on the road commuting between campuses. This can create additional barriers when it comes to accessing benefits and pension plans.

The rise of precarious work also threatens the quality of education and research capacity at Ontario's universities. While contract faculty are skilled teachers and researchers, they are too often constrained by their working conditions and they lack the institutional support needed to reach their full potential.

The provincial government must take a leadership role in setting the future of academic work on a new path. In addition to providing the public investment needed to boost faculty hiring, the government must also drive universities in the right direction by strengthening employment and labour law at the conclusion of the ongoing Changing Workplaces Review.

OCUFA has made recommendations on how to raise standards and provide greater protection for contract faculty, including legislating equal pay for work of equal value and equal access to benefits, regardless of employment status; eliminating the use of discontinuous contracts to prevent the achievement of workplace rights; ensuring fair scheduling and adequate notice of work; and updating labour law to ensure that all workers can organize collectively in a union. The benefit of these changes will be felt widely, not only by faculty and students at Ontario's universities but throughout their local communities and economies.

I now want to address the funding model. Our final recommendations pertain to the funding formula for Ontario universities, which is currently being reviewed by the Ministry of Training, Colleges and Universities. While it will take some time to develop and implement changes to the funding model, there are two proposals that the government of Ontario should consider now. The first is the need for a new higher-education data structure in Ontario, and the second is the harmful nature of performance-based funding.

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OCUFA recommends that universities should, as a condition of receiving public funding, produce reliable, accessible and comparable data. Greater availability of data would support expanded accountability and allow the sector to understand how it's doing while supporting continuous improvement in teaching and research quality. To that end, OCUFA is proposing that a new higher-education data system in Ontario be administered by a new arm's-length agency of the provincial government.

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

Dr. Judy Bates: Yes. This organization would be responsible for determining what data are needed by the sector, and analyzing the data to facilitate informed choice.

I want to mention that there is no evidence to suggest that performance funding is effective in improving student and institutional outcomes, and it will certainly foster inequities in the system by creating winners and losers.

The Chair (Ms. Soo Wong): When I say "wrap up," it means one sentence.

I'm going to turn to Mr. Baker to begin this round of questioning. Mr. Baker?

Mr. Yvan Baker: Judy and Mark, it's good to see you again.

Dr. Judy Bates: It's good to see you.

Mr. Yvan Baker: Thanks for coming in today. Thank you very much for your presentation. It's very helpful.

What I wanted to ask you about was one of the challenges that we've heard a lot about—particularly even here at the finance committee over the course of the budget presentations: The cost of tuition for students keeps coming up, particularly how it impacts low-income students. I'm wondering whether you could share with me your thoughts as to what the government could do to help address that challenge.

Dr. Judy Bates: The way to address it is to increase government support and government investment in universities so that there's less of a burden on students to cover the cost of their education. As I mentioned in the presentation, students in Ontario now pay the highest tuition rates in Canada. In fact, in the last year, my understanding is that now tuition rates are more than 50% of the total income coming into universities. They're now paying more than half of investments in Ontario universities.

Mr. Yvan Baker: Is there anything in particular for low-income students? I've heard what you said on the funding side of it, but is there something, aside from funding increases across the board, that you would advise for those who are of low income?

Dr. Judy Bates: I think we need to see much greater levels in terms of grants as opposed to loans. With low-income families, it is often hard for them to cope. I think that there are many students from low-income families who are deterred from attending university because of the understanding that they're eventually going to have to pay these huge amounts of money back. It's rather like having a second mortgage. Low-income students' families cannot afford to take on that burden.

Mr. Yvan Baker: One of the things that you spoke about and included in your submission was the need for better data in universities. When you and I first met, we talked about a private member's bill that I had that's related to this topic. I appreciated your input on that during that process; that was very helpful.

Could you just talk a little bit about—I know you have it written down here, but maybe expand on it a little bit: Why is this so important that we have this better data? "Better data" means different things sometimes to different people. Could you talk a little bit about what kinds of data you're thinking of and who would be the users of that data?

Dr. Judy Bates: We certainly have reasonably good data on full-time faculty. We would like clearer information about full-time faculty, and especially data that is more easily comparable across institutions. That's an issue we struggle with at the moment.

Perhaps of greater importance: We have almost no data at all on contract academic staff or faculty. There is very little knowledge about who is teaching at our institutions, how many courses they're teaching, where they're coming from, what their qualifications are, what their research interests are, what departments they're teaching in, how much that has grown over the last 10 or 15 years, and how many students those contract faculty members are teaching. We know nothing about what is happening amongst the contract faculty. Given that in many institutions they represent nearly half of the total faculty, this is a huge gap in our knowledge about what is happening at universities in Ontario at the moment.

Dr. Mark Rosenfeld: If I may add: We have data collection, but it's fairly decentralized. An agency that would bring all that data together, to make it both comparable and accessible, is something we would strongly advocate for, especially also in light of what happened with the previous government at the federal level, where there were major cuts to Statistics Canada funding—so data collection actually contracted.

Here is an opportunity—coordinating, obviously, with the new federal government—to expand the data collection at the Ontario level, which would inform policy-making as well—data-based policy-making, which I am sure you would all agree is critical.

Mr. Yvan Baker: Is there anything in particular, in terms of the data that you would collect, that you would think would be useful from a student perspective?

Dr. Judy Bates: Well, again—

Mr. Yvan Baker: Aside from what you've just talked about—I've heard you. Is there anything else that you wish to—

Dr. Judy Bates: I know that in your private member's bill you would like to see more data available, so that students can make better-informed choices about where they would like to attend university, to know more about the programs and the courses that are available. That could certainly be helpful to students, yes.

The Chair (Ms. Soo Wong): Okay. I'm going to stop here. Thank you, Ms. Bates, and thank you, Mr. Rosenfeld. Thank you for your written submission as well.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Public Service Employees Union, OPSEU. Are they here? Okay.

Mr. Clerk is coming around with your written submission. Gentlemen, welcome. Mr. Thomas, welcome again. I think you know the drill.

Mr. Smokey Thomas: Yep, I've been around the block a couple of times.

The Chair (Ms. Soo Wong): You have 10 minutes for your presentation, followed by five minutes for questions. This round of questions will be coming from the official opposition party. When you begin your presentation, please identify yourself for the purposes of Hansard. Welcome again.

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

We're here today representing 130,000 working Ontarians. Those of you who have been in public life for a while should know the work OPSEU members do. We know how to kick-start and restart your heart. We run the tests that diagnose cancers. We stop teenagers from committing suicide. We protect women and children from domestic abuse. We keep the courts running. We keep the drinking water safe. We keep workplaces safe. We supervise those accused of crimes and those guilty of crimes. If you want to be a journalist or a heavy-duty mechanic, we can teach you. If your child needs a student loan, we can help.

I could go on and on. The point is, our members use their skills in an incredible variety of jobs. The work they do is an indispensable part of the fabric of life in this province, and I couldn't be prouder to represent them.

As MPPs, your most important job is to make sure these people have the support they need, to keep on serving Ontarians. That's what the provincial budget is for.

Now, I've been saying this for my whole career, but in this forum, I'm starting to wonder why I bother. I talk to regular people every day, and what I'm hearing is a serious disconnect between what Ontarians need and what the government is doing.

In a 2014 study of political influence, two American academics looked at close to 1,800 policy changes made by the US government. What they found was shocking. Not only do ordinary citizens not have substantial power over policy decisions; what they found was that they have little or no independent influence on policy at all. So you can see why Bernie Sanders is doing so well right now. He is tapping into a growing awareness among many Americans that what ordinary people think just doesn't matter.

I am sad to say that we have the same problem here in Ontario. If you need an example, look no further than Hydro One. Some 80% of Ontarians oppose the privatization of electricity transmission. They don't like the loss of public control and public oversight. They are worried about prices. They are worried about losing revenues Hydro One brings in. According to our Financial Accountability Officer, they are right to be worried.

In October, Stephen LeClair told us that selling Hydro One won't make money for the province; it will cost money. It's a silly idea. On the government's budget consultation website, not selling Hydro One is the second most popular idea there, yet the government is selling it anyway.

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Of course, this doesn't surprise me when the acting Premier of Ontario is an ex-banker named Ed Clark. Here's a man who thinks that full-time employees in the LCBO stores get paid too much because they get overtime on some weekends. Meanwhile, his pension is $200,000 a month. It takes a lot of nerve, but that's one thing the ruling class in Ontario is not short of.

I've talked before about the web of connections that link this government and the Liberal Party to the richest companies in Canada. I won't belabour the point here. You can read it in our booklet—it's in your packages—called It's in Their DNA. But here's the key message: There is an elite class in this province, and it controls the broad themes of the provincial budget. That may explain why Ed Clark's son, Bert Clark, can use his post at Infrastructure Ontario to spend $8 billion too much by funnelling public dollars to public-private partnerships, and he still has a job.

All the money we're losing on asset sales and P3s goes to profits. All of it comes out of public services. If I go back to the government's budget consultation website, the most popular option put forward by Ontarians is that we should fully fund health care in this province. Note that it says "fund"—not "fix," but "fund." Yet this government is killing health care. We're ranked last of all provinces in public hospital funding per capita, and we're just as far behind, right across the system. I have members in home care who get paid $17 for a home visit that can take up to two hours. One of those units took an eight-week strike, trying to get a first contract. In every area of health care, private operators are swarming like flies. They suck their profits out of workers and patients alike. Privatization is hurting quality of care.

Now, budget problems are not unique to health care. Ontario has the lowest overall program spending per capita of any province in Canada. The government brags about this, but it should be ashamed instead. We should be striving to have the best public services in Canada, not the cheapest.

The funding situation for public services is so desperate that some colleges have opened campuses in Saudi Arabia, openly violating our provincial Human Rights Code while the government looks the other way. Frankly, it's hard to get a straight answer from anybody on that. This is both ridiculous and unnecessary, especially at a time when there is so much money around.

I mentioned last year that in early 2015, Ontario broke the previous record for gross domestic product per capita. It's a fact. There is more money in this province per person than ever before, yet working people are broke and up to their eyeballs in debt. Government is broke and up to its eyeballs in debt. But Ed Clark is thriving.

In 2014, the top 100 CEOs in Canada made close to $9 million a year, on average. Corporate Canada's massive cash hoard shows no sign of being invested in job creation. In fact, the last Ontario budget showed that business investment was so weak, it was actually dragging the economic growth down.

In the communities where my members live, we're seeing stagnant wages, weaker public services and fading hopes. The government is working fine for the Ed Clarks of the world; it's just not working for the rest of us.

Growing inequality is staring right at us. Our fellow citizens on Ontario Works and the Ontario Disability Support Program see its face every day. I sincerely hope this committee will recommend a significant increase for all those on social assistance, so they can at least feed themselves and their families. And I don't mean a raise of $6 a month; I mean a real serious raise. At least put it back to where it was when Harris cut it. This government promised to right that wrong, and they've never righted it. In fact, they've made it worse.

Our Premier likes to present herself as a progressive. For example, on January 23, she put out a tweet, saying, "Together, we can close the gender wage gap." Well, let me tell you what she's doing about the gender wage gap. First of all, she's pushing the gender wage gap wider by cutting real wages for the most female sector of the whole economy: the public sector. The Liberals have been doing this for more than five years now.

Second, the amount of money she's saving by cutting public services is comparable to the extra public dollars she's pouring into infrastructure. The lion's share of that money is going into construction, a sector that's 88% male.

Third, the Wynne government is cutting wages for women by ending funding for pay equity for women in what's called the "proxy sector." In OPSEU, we have 180 bargaining units where the Liberals have stopped funding pay equity. There are hundreds of other units in the same position. Tens of thousands of women, mostly with modest incomes, are being denied money they are owed by law. Many of them will never reach a pay-equity-compliant rate before they retire or—God forbid—die.

As with Saudi Arabia, this is a human rights violation, pure and simple, and it's increasing the gender wage gap. We need to deal with the inequality in our society, not just between women and men, but between the social classes.

Ed Clark Nation is stealing our public services, our public assets, and our public dollars. We need to get them back, and we aim to get them back. It's not hard to figure out how. Our finances are out of balance because of two decades of tax cuts in this province. The net result is that public coffers are missing $20 billion a year in revenues. Tax cuts were supposed to make us all rich; instead, they've reduced us to fighting over scraps.

This has got to end. This budget must include significant revenue increases to breathe some life back into our public services, and those revenues must come from the individuals and corporations who have profited so handsomely from their perch at the top of the food chain.

We'd be pleased to take your questions now.

The Chair (Ms. Soo Wong): I'm going to turn to Mr. Barrett. It's your turn to start this round of questions.

Mr. Toby Barrett: Thank you for the presentation. On the finance committee, we've had a number of presentations from OPSEU members and many correctional, probation and parole officers.

Just before Christmas, I had a tour of the Thunder Bay jail, just a few days after the hostage-taking, when the top floor was taken over. I spent 10 years going in and out of Burtch, down south of Brantford, and that was kind of a country club compared to what I consider a hellhole in Thunder Bay. It was built in the early 1920s.

I know it was a bit tied in with the job action and what have you—but just a quick comment on the Thunder Bay jail and other institutions like that: I'm surprised these facilities still exist. I know there was an attempt a number of years ago to build a new jail, probably under a public-private partnership. That was opposed, and an election happened. Any quick answers on these antiquated institutions that are still out there?

Mr. Smokey Thomas: Yes, it's called money. You need to build new jails. I'm not really in favour of the government's plans to build superjails like Toronto South. That's the largest jail in Canada—I think second-largest; there's one larger federal facility.

Corrections is care, just like health care, just like anything else in society. It's supposed to correct behaviour, not punish. If they're going to build new jails, they do need to be closer to communities, particularly in the north. If Thunder Bay needs a new jail, the minister needs the money to build those jails, but the minister also needs money to fix the problems in a whole host of other jails that have been created by this government, quite frankly. It takes money to fix the problems.

Mr. Toby Barrett: I'm tempted to pick up on this: Bernie Sanders is doing so well right now tapping into a movement or a growing awareness of something, and Donald Trump is doing quite well right now. We'll know better tonight, if anyone is going to watch the Iowa caucus.

Again, I see some similarities in what is happening out there. I'm afraid many of us do follow American politics. How about the regular people who go to primaries and vote and what have you? Who are they getting tapped into? Are they the problem, if that's what you're suggesting?

Mr. Smokey Thomas: Well, Bernie Sanders openly calls himself a socialist in the United States. That's probably not quite what I would describe as a socialist, but anyway.

But take here in Ontario. I do travel all over in Ontario. If it touches your life or your body, one of my members has a hand in it, and what I'm hearing from my friends and neighbours in all my travels—I toured a medical marijuana plant last week and talked to them about legalizing marijuana—is that people are starting to figure it out. The austerity agenda, the desire to balance the budget in 2018 and the infrastructure are chipping away at public services and the things that people really need.

The real villain here is the government's desire to balance their budget. They've cut taxes. It's not just any one thing, but it's a bunch of things combined. Now we have, as we've called it in the past, the perfect storm.

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I think if there was a look at raising revenues again, putting money back in the public services—New Brunswick just announced a 30% reduction in management. Hallelujah. Why don't you look at that here in Ontario? Hospitals: One boss for every five workers. With some government agencies, I've got members who have six bosses, and there are 12, 14 people left in the department. There's never been a manager laid off anywhere in the public service, but I can tell you, we've lost 25,000, 30,000 members out of the Ontario public service, direct government workers, and management has grown.

There's a real need for a real serious look at how work is structured, how it's supervised, how it's financed and who does what. I think that would be a useful exercise for this government to take on, but bosses won't lay bosses off. I've said it before: Pay me $1 a year and I'll take on the job. I'll reduce the size of the public sector substantially for you and reinvest the money in public services.

Mr. Toby Barrett: I haven't had time to go through the family tree—I have quite an interest in genealogy. Could you maybe summarize this? Does this follow the money? Is this about influence in elections? I know both unions and corporations donate a great deal of money during elections—not down in my riding, I might add.

Mr. Smokey Thomas: Well, we didn't give any money to the Working Families Coalition. We don't have anything to do with that. If we supported anybody, it was the NDP, modestly at best.

But if you follow that, it's the circle of influence. Take Infrastructure Ontario, the board. Bert Clark is Ed Clark's son. Bert Clark also works on Bay Street, and he works for companies. He teaches them how to bid on the P3 partnerships.

Pat Dillon, I love him dearly. He's head of the building trades in Ontario. But he sits on the board of Infrastructure Ontario, which awards government contracts to companies that employ his members.

To me, it's incestuous at best. I would say that perhaps one thing here in Ontario—I think the RCMP should look at it, not the OPP. You can't investigate your boss. It's not fair to the OPPA officers. I say take a look at that. I do have some media interest in that and intend to pursue it.

The Chair (Ms. Soo Wong): Okay. Mr. Thomas, your time is up. Thank you for your presentation and your written submission, and thank you to you, Mr. Robinson.

COLLEGES ONTARIO

The Chair (Ms. Soo Wong): The next group before us is Colleges Ontario. I believe Linda Franklin is coming before us. The Clerk is coming around with the written submission.

Welcome, Linda. We get our annual visit from your group.

Ms. Linda Franklin: Absolutely.

The Chair (Ms. Soo Wong): Thank you for being here. As you probably heard, 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 anytime. When you begin, can you please identify yourself for the purposes of Hansard?

Ms. Linda Franklin: Sure. Thanks. I'm Linda Franklin. I'm the president and CEO of Colleges Ontario. Thank you very much.

Madam Chair, members of the Standing Committee on Finance and Economic Affairs, I really appreciate the opportunity to speak to you today about the critical need to invest in the education and training of our future workforce. You've had one money discussion; now you're going to have another one, I fear.

As many of you know, Ontario's colleges have grown and evolved in tremendous ways. When we first opened our doors in 1967, almost 50 years ago, we trained less than 20,000 students for technical and vocational fields. Since then, our colleges have expanded to become world leaders in career-focused, post-secondary education in every part of the province. Our colleges today offer 900 programs in everything from health care to business, biotechnology, hospitality, engineering, advertising and much more. Our graduates are leaders in emerging fields, such as 3-D manufacturing and digital health care.

More than two million people have graduated from Ontario's colleges, which are unique institutions in the world, and they are achieving success in every sector of the economy. Our alumni include hospital presidents, CEOs and even some celebrity chefs.

Education is our competitive advantage, and we must build on this legacy of excellence and maintain that advantage. In 2017, as I mentioned, the province will celebrate the 50th anniversary of our college system. It's a watershed moment that we think the province must seize as we look to the future and the emerging opportunities in the new economy.

We all know that Ontario faces fiscal challenges. The reality is that investments in the future success of our students are critical to promoting a stronger economy and helping more people—particularly our young people—find meaningful employment. Ontario needs a clear vision for post-secondary education with an applied focus. We must ensure that the resources are there to support that vision.

Today, I'd like to describe some of the priority areas that we think have to be identified and addressed in the government's spring budget.

First, our students, particularly those with special needs: As Ontario strives to produce a more highly qualified workforce, a key priority that must be addressed is funding to support students with special needs. We must recognize that most of the special-needs students who enter the post-secondary system choose college over university. In fact, in the past 10 years, the number of college students with disabilities has grown by 93%. The growth has been particularly rapid for some categories of disabilities. For example, the number of students with attention deficit/hyperactivity disorder has grown by 70% over the last five years. The number of students with mental health issues has increased by 163%. Providing quality services and supports for college students with special needs must be a priority.

Currently, the funding provided to colleges for special-needs students is significantly less—about a quarter—than what is provided to high schools. That large gap has to be narrowed. Imagine the education journey of a student who has all sorts of potential. He's really smart and needs some support to be successful. In high school, you have those supports there and your parents can be involved, and the minute you get to a university or a college, all of those supports drop through the floor. Privacy laws mean your parents are no longer part of the discussion. How do you help those students succeed?

We believe that this funding should follow students through their education journey, so that the supports available in high school and JK continue to be available right through the post-secondary system. As a start to that policy, in its 2016 budget, the province should increase its allocation by $15 million to help more special-needs students make the transition from high school to college successfully.

Another priority for this year's budget, in the same vein, is to help more people from under-represented groups get access to higher education. Once they're enrolled, of course, it's not just enough to get them through our doors; we have to ensure they have the help they need to complete their education successfully.

The government currently provides $7 million to colleges through the first-generation institutional grants, but that funding is project-based and we can never be certain the funding will continue from one year to the next. We believe the fund should be replaced by a new student success fund that provides dedicated funding for at-risk students. To strengthen the supports that help numbers of at-risk students complete their college education, we are also proposing that the existing funding be increased by $8 million.

Ontario must enhance the supports available to low-income students so that they have the same capacity as everyone else to succeed and have good careers. In particular, we would urge the government to reform the eligibility criteria for the 30% Off Ontario Tuition Grant—the OTG—so it reaches more students from low-income households.

Currently, the tuition grant is only available to students who graduated from high school within the past four years. In the college system, 60% of our students don't come directly from high school, so the vast majority of those students are not eligible for this grant. Many college students, including our most needy students, have been out of high school much longer than four years, and yet, half of our student population comes from households with a total income of less than $60,000. The eligibility criteria should reflect their needs, as well as students who come directly from high school.

The next area that I want to highlight is the ongoing pressure to address capital repairs. We're really pleased that the government has committed to invest $500 million over the next 10 years to address critical maintenance in post-secondary. While this is an important commitment, we have to recognize that the deferred maintenance backlog at colleges is a critical problem—we have many, many 50-year-old buildings—so colleges currently face a backlog of more than $1 billion in deferred maintenance, and that number gets larger every single year.

As we prepare to celebrate the 50th anniversary of our colleges, we must look to the next 50 years and start making investments now to meet the emerging demands of the coming half-century. We're recommending an increase in repairs and upgrades, including a new fund of $50 million over three years for capital legacy projects at the colleges. With matching funds from the private sector, this funding could be used for a number of important projects to strengthen college education. Eligible projects would include the modernization of facilities and projects that enhance teaching and learning environments for students.

Investments in improving Ontario's colleges could also play a central role in the effort to tackle climate change. Many of our college buildings are old and need significant upgrades, and through a renewed investment in retrofits and construction at our colleges, we can promote greater energy efficiency and transform our campuses to create a new generation of net-zero buildings that generate as much energy as they consume. It's a win-win, I think, for a government that's interested in climate change and its effects and a college system with students who could be the next generation of those working in these important areas.

Investing in our institutions will improve student learning and reaffirm Ontario's position as a leader in the fight to reverse climate change.

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There is also a need for a new technology modernization fund for northern and rural colleges. In northern and rural communities, as you know, colleges are limited in their ability to invest in much-needed technology. They have used previous financial support from the province to invest in innovations that reduce their costs and increase efficiencies, particularly in technology, but there is more that can be done. We're urging the government to use its 2016 budget to announce a two-year investment of $10 million to help colleges that serve rural and northern communities and ensure that all students across the province have the same access to up-to-date technology that they need for the careers of the future.

Another issue that needs to be addressed in the 2016 budget is applied research and a commitment to making Ontario a leader in innovation, particularly as we need to look to our small and mid-sized companies to help lead the way and create new jobs. It's well recognized that Ontario has a poor track record in comparison to other international leaders in innovation. Only 3% of Ontario businesses perform any research, and the record suggests their performance in other indicators of innovation is lacking. Ontario must support innovation in key industry clusters that will benefit a wide range of businesses and create jobs right across our province.

Colleges will play a key role in this, helping more businesses to innovate, particularly small and mid-sized businesses. Today, our colleges are working with more than 750 business partners and 80 organizations on market-driven research activities that will help them find new efficiencies and develop real-world innovations.

We need to do more. To support competitiveness and job creation in key industry clusters, the province should use its 2016 budget to create a $30-million, multi-year fund to establish college-based industry cluster experts. This will help local businesses get access to the support and information and educational resources they need to create new products and processes that strengthen our economy and create jobs. It will also provide more opportunities for students to participate in real-world research that has an impact on our lives.

Finally, it's important to stress again that colleges need a minimum level of provincial funding to keep up with the ongoing costs of providing quality post-secondary programs. The system-wide costs for compensation and other college expenses are expected to grow by more than $110 million in this coming fiscal year. While anticipated tuition increases of 3% will help offset some of those costs, the fact remains that colleges face a funding gap of $86 million in the coming year, and that number gets bigger every year. For Ontario to become North America's leading jurisdiction for talent, skills and training, the government must invest in college education.

Thank you for giving me this opportunity today, and I welcome any questions you might have.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you, Ms. Franklin. There are questions for you from Ms. Fife.

Ms. Catherine Fife: Thank you, Linda, for the presentation.

I'm happy that you raised the 30% tuition grant. It has been a long-standing issue. We've heard from students who obviously would love to enter the college stream, but, as you point out, they don't go directly from high school into college. So this definitely needs to be looked at. It was a politically motivated grant that was brought in during an election, and it's time to revisit it. We share your concern about that.

Ms. Linda Franklin: Great.

Ms. Catherine Fife: At the end of your presentation, you say, "While anticipated tuition increases will help offset some of those costs...." The college sector—are you just building some increases in so that you can actually keep functioning, going forward? Is that the reality?

Ms. Linda Franklin: The current tuition framework allows for a 3% increase in tuition every year for a five-year period. It ends at the end of this year. So the expectation is that most tuition at colleges will rise 3%.

Ms. Catherine Fife: Yes. You know that the government is doing a review of university tuition and funding right now. They're looking at performance-based funding. Do you want to share any thoughts on that and how it would affect the college sector?

Ms. Linda Franklin: Sure. First of all, one thing to bear in mind is that the funding formula review is important, but it doesn't add money, so it's really a shuffling-the-deck-chairs exercise—

Ms. Catherine Fife: That's a good point.

Ms. Linda Franklin: —which is not unimportant. Right now, all of our new money comes from enrolment increases. We're in a period of demographic decline for the next few years, so if we kept using those formulas, we would be in serious trouble, particularly our rural and northern campuses, as would the universities. So it's an important exercise, but not to take away from the fact that there is just not going to be enough money in the post-secondary system for the next few years.

In relation to performance-based funding, we have no trouble with that. We do a lot of learning-outcome-based programming. We have a lot of performance indicators that the province measures now. So we're not concerned about this.

The one challenge that we have, of course, is that once again it has some unintended consequences. You have to be very careful what you're measuring. For example, if you measure an improvement in the graduation rate, what do you do for colleges that have an access agenda and are trying to help more challenged students get in to college? Would they simply raise their admission bar?

Ms. Catherine Fife: And you point that out, actually, in your own presentation: You've seen an increase in special education by almost 93%.

Ms. Linda Franklin: Yes.

Ms. Catherine Fife: That would be our concern with any performance-based tuition grant. If you're going to be serving underprivileged and marginalized students, it's not a level playing field. Right?

Ms. Linda Franklin: Yes, absolutely.

Ms. Catherine Fife: I've been in contact with Conestoga College. I think I raised this issue with you last year: The government reduced the Apprenticeship Training Tax Credit for skilled trades in last year's budget. I think it was by 25%, which is a fairly significant amount. Our concern about that was that if you want to build apprenticeships in the province of Ontario, which we do—we should all want that, because we need those skilled trades, and colleges are a major player in that.

We're really hoping that the government looks at the reduction in apprenticeship opportunities and sees the impact of that tax credit going forward, because we've seen—anecdotally, anyway—a negative impact of cutting and reducing those opportunities for students to apprentice.

Ms. Linda Franklin: I couldn't agree with you more, Catherine. There's a real need to overhaul the whole apprenticeship system. From the financing to the transparency, how do you get more young people into it? Anything that looks at that system more broadly would be very welcome.

Ms. Catherine Fife: That's good to hear.

I just want to say that the colleges in this province have been incredibly adaptive. It's true: Both MPP Vernile and myself have 2,000 jobs in our region and we don't have the skilled workers to fill them. Or there's a gap between the education component and the workforce component. Those are jobs that need to be filled because that's a productivity issue, as well, and it's an economic issue, of course. The colleges in the province of Ontario, I think, are uniquely placed to actually address some of those skilled workforce shortages, but you need to be funded in order to do so.

Ms. Linda Franklin: Exactly.

Ms. Catherine Fife: Thank you for coming in today, Linda.

Ms. Linda Franklin: Thanks very much.

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

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Vice-Chair (Mr. Peter Z. Milczyn): Our next witness is the Registered Nurses' Association of Ontario. You'll have 10 minutes for your presentation, followed by questions from the government side. As you begin, could you please state your name for the official record?

Mr. Kim Jarvi: Thank you. My name is Kim Jarvi. I'm the senior economist at the Registered Nurses' Association of Ontario. Doris Grinspun was going to deliver this presentation, but she's at a funeral right now, and it looks like she hasn't been able to get back, so I'll answer the questions to the best of my ability here.

We're speaking about the Canadian economy. We know it's experiencing a lot of turbulence, but as we look at the situation for Ontario, it's actually reasonably good, we would say. We've got low interest rates, which facilitate investing in the economy. You've got a possibility for enhanced revenue measures such as reducing tax avoidance, more green taxes, pricing carbon and surcharges on those better able to pay. That will address the deficit, which has been declining consistently over the last number of years.

That brings me to our first point, and that is, we urge the government to ensure that the sustainable fiscal capacity exists to deliver all the essential health, health care, social and environmental services, and to do so by building a more progressive tax system. Our first message in that regard is: Don't cut taxes, please. Also, reject fire sales of publicly owned corporations and other assets, including holding further sales of Hydro One.

Nurses know that health expenditures are rising. It's been slowed quite a bit, but it's inevitable, in part due to changing demographics. It is also being driven by an historical focus on illness-based care. We believe that the government is starting to address that, and we encourage them to go further. We need to think differently and to implement measures that will keep people longer in their communities and out of institutionalized care.

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We strongly reject efforts to privatize publicly funded and not-for-profit health care. Instead, we urge you to build the second phase of medicare and to sustain it for generations to come. When I'm talking about the second phase, in the first instance it's those things that haven't been covered by medicare so far. The Minister of Health has been speaking about a national pharmacare program. We think that's a key step. Public spending on pharmacare has risen to 9% from 1.2% over 40 years ago. In spite of that, it's not covering a big chunk of the total drug expenditures. It's actually the private sector that pays the bulk of those expenditures, and they would certainly benefit a great deal. When you include private expenditures, drugs consume 16.7% of overall health expenditures in Ontario. That's a huge chunk.

We know from recent research by Morgan et al that a national pharmacare program would save many billions of dollars for Canadians and Ontarians. It would save it not only for the government but also for individuals who are paying privately for their insurance and it would save employers who pay a heck of a lot of money for the drug portion of their health care insurance.

The other good news on this front is that the public is very strongly in support. The polling is very high in favour of a national pharmacare program. As I mentioned, Minister Hoskins has been calling for a national pharmacare program, and we're in support of that. But we would ask that it be a comprehensive program and one that avoids all copayments and other user fees. In other words, it's in keeping with the principle of the Canada Health Act. Ideally, it would be a national pharmacare program, and that's what the minister has been pushing. We would urge Ontario to proceed one way or the other—for instance, the way they have with pensions—if we're not making headway in pharmacare.

Another issue with respect to health care is medical tourism. The government, again, has taken a number of steps to stop this. This has happened in a number of hospitals, where foreigners have come and paid large amounts of money to get health care in public facilities. It buys them the front of the queue. We're pleased that the minister has placed a moratorium, but let's take the next step and go for a full ban on inbound medical tourism in Ontario. That's the voluntary inbound medical tourism, not the stuff based on need—if you're sick, for instance, for refugees.

Another issue in the health care system is actually related to nursing HR. We're finding increasingly that RNs are being replaced with less-qualified providers in the hospital sector to save money, and also in long-term care. We know that's not good for patients; the research tells us that when you have sufficient RNs, you get fewer complications, lower mortality and morbidity rates, and enhanced patient safety; overall, a higher quality of care. Does it make sense to have fewer RNs? We say no.

What we're asking for is that there be a moratorium on RN replacement until the province does a robust interprofessional health human resource plan that considers the full needs of our population and the full utilization of all members of the interprofessional health care team.

There is some good news. Ontario is performing quite well with full-time shares of employment for RNs. At one point, 50% of RNs had full-time employment in Ontario, and now it's getting close to the target of 70%. We're looking for that for all nurses, to reach the goal of 70%.

Another area of progress has been nurse practitioner positions in long-term care, which improve the quality of care and increase the capacity to respond to rising resident complexity. The government committed to 75 positions; they've delivered 30. Let's get the other 45, please. We would like to see it move beyond there, because there's scope for nurse practitioners to greatly enhance—if you can bump the total up beyond that as well.

Where does the money come from for all of this? In part, we're talking about changes that can save you money. We would point to the minister's discussion paper around Christmastime on a vision for a health system realignment. It's a very important first step, and we urge everybody to read that paper.

We would urge the government to expand the mandate of the LHINs—the local health integration networks—to include planning, funding allocation, monitoring of accountability, and evaluation of an entire regional health system. That would include public health units, primary care, hospitals, and community and long-term care. But we don't want the LHINs to deliver the health services themselves. That would shortchange their role and weaken the health system.

We would also urge the minister to dissolve the CCACs—the community care access centres—as structural entities and reallocate their functions to other areas of the system. There's quite a bit of administrative overlap, and quite a bit of money can be saved that way. There's a potential to save upwards of $200 million a year, and that can be reinvested in direct health care.

That would entail, among other things, taking the 3,500 care coordinators from the CCACs—the majority of them, 3,000, are RNs—and putting them into primary care, which is where the focus of health care modernization has to move. We would like that to be part of true interprofessional primary care—

The Vice-Chair (Mr. Peter Z. Milczyn): Mr. Jarvi, could you start wrapping up, please?

Mr. Kim Jarvi: Okay—which is the hallmark of a high-performing health system and must be the foundation of Ontario's health system.

I'm going to cut quickly to the chase here. We would urge moving on RN prescribing, which has a real potential to enhance care and also make better use of nurses. It has been very successful in England—

The Vice-Chair (Mr. Peter Z. Milczyn): Sorry. I'll stop you there, to make sure we have enough time for questions. Ms. Wong has questions for you.

Ms. Soo Wong: Mr. Jarvi, thank you very much for being here. I just want to be on record, as a former registered nurse, that I'm quite familiar with RNAO.

I believe that our committee has actually heard from a number of your colleagues across the province, from Hamilton to Windsor to Ottawa, and across the province. Unfortunately, Doris is not here, but I'm very, very pleased that you submitted your written submission to the committee.

I just have a couple of quick questions, because time is very limited for my questions to you. With respect to your comment on page 3, dealing with medical tourism, I want to hear your position. I've been a strong supporter—I'll be on the record—of the Hospital for Sick

Children's Herbie Fund. Does the RNAO see that organization as medical tourism?

Mr. Kim Jarvi: As I understand it, no.

Ms. Soo Wong: Okay, because when you lump them all together—because these are international children coming to the hospital—

Mr. Kim Jarvi: These would be situations of urgent need, and it's not a for-profit venture.

Ms. Soo Wong: It's humanitarian versus for-profit? Okay.

Mr. Kim Jarvi: That's right. It's an excellent question.

Ms. Soo Wong: I would like to hear if the RNAO, down the road, would have any future definitions or criteria. I would suspect that every teaching hospital across the province would reach out to various international organizations to do humanitarian work. I just want to see if, down the road, RNAO would be considering that.

Mr. Kim Jarvi: I believe that's already in our documents.

Ms. Soo Wong: I notice your remarks here about nurse practitioners. Your colleagues in Hamilton and elsewhere across the province, two weeks ago, talked about the disparity of salaries amongst nurse practitioners.

Mr. Kim Jarvi: Thanks for raising it.

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Ms. Soo Wong: So I wanted to get some clarity, because you didn't mention it in your written submission, but your colleagues in Hamilton did raise it in both their verbal presentations and written submissions to this committee about the flat-lined or frozen NP salaries, and yet the physician salaries have gone up.

Can you clarify that? Because in your remarks in your written submission here, on pages 4 and 5, you mention that there is "poaching"—I will use the word—between nurse practitioners in long-term care versus the community, and there is some disparity of funding. Can you clarify that a little bit further?

Mr. Kim Jarvi: What we were speaking about there is equity among nurse practitioners between the hospital sector and the primary care sector. There's the risk of poaching into the hospital sector, where there is better compensation.

You raise a different point about equity between primary care physicians and—

Ms. Soo Wong: Because your Hamilton colleague's written submission to this committee is saying that there were increases to physician compensation versus nurse practitioner compensation. I just want to know, from RNAO—from the CEO, although she's not here—I just want to get that data, if you can forward it to the committee. I just want to know, because it's not here in this written submission, and you didn't mention it in your presentation.

Mr. Kim Jarvi: Yes, we don't address that in the submission, but I think that's an important point, because NPs have lagged behind family physicians quite a bit in recent years.

Ms. Soo Wong: Okay. The other piece here is, I know you make reference in your written submission to the committee with regard to Minister Hoskins's report—and I have it right in front of me—Patients First.

Reading between your written submission and your presentation to us this afternoon, am I hearing that there is some support of the minister's report? Because you talked about the LHINs, and the CCAC boards ceasing to exist. Can you elaborate on that piece for us?

Mr. Kim Jarvi: They're talking about a review of the role of the CCACs. We have our own suggestion as to what role that ought to be, that it ought to be resolved, so that's one of the points that you'll find in our submission. Our ECCO report from 2012 had made that same recommendation, so we find that the minister's paper is not inconsistent with our position.

Ms. Soo Wong: Thank you.

The Vice-Chair (Mr. Peter Z. Milczyn): Okay, thank you very much for your presentation, and thanks for your submission as well.

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

The Vice-Chair (Mr. Peter Z. Milczyn): Our next witness is from the Investment Industry Regulatory Organization of Canada. Good afternoon, sir. You have 10 minutes for your presentation, followed by five minutes of questions, in your case from the official opposition. As you begin your presentation, please state your name for the record.

Mr. Andrew Kriegler: Thank you, Mr. Chairman. Good afternoon. I'm Andrew Kriegler, and I'm the president and chief executive officer of the Investment Industry Regulatory Organization of Canada, or IIROC. I'd like to thank you for taking the time to listen to our comments today.

Let me begin by saying I'm not here to ask for any fiscal or funding measure to be included in this year's Ontario budget, which may be a bit of a change. Rather, I am seeking the committee's support for two legislative measures which will permit IIROC to better protect Ontario's investors and to support healthy capital markets in the province, measures which would do so at no material cost to the government or taxpayers.

In your materials, you'll find some background information about IIROC. But briefly, we're a public interest regulator. We're a self-regulatory organization that oversees all investment dealers and their trading activity on the debt and equity marketplaces in Canada. We are national. We're recognized by the Ontario Securities Commission and all other provincial securities regulators across the country. We benefit from having the OSC as a strong regulatory partner, and I would like to take this opportunity to particularly thank our OSC colleagues for their leadership, their ongoing support and collaboration.

Ontario is the largest market we regulate. To put this in context, at the end of 2015, of the 174 investment firms under our jurisdiction, 109 had their head offices in Ontario. There were close to 13,000 registered individuals and more than 3,000 business locations in the province. That demonstrates just how much the investment community fuels economic growth here.

As a pan-Canadian regulator, we employ over 400 people in Toronto, Montreal, Calgary and Vancouver. We set and enforce rules regarding proficiency, business and financial conduct of our firms and their staff, as well as market integrity rules to ensure that Canada's capital markets operate in a fair and orderly manner. When there is a failure to address significant compliance findings, a clear failure to demonstrate a compliance culture or violations of our rules, we take enforcement action.

In 2015, we completed 124 investigations nationally, of which 78 were here in Ontario. The majority of our enforcement cases involved the suitability of investments for seniors, underlining the fact that the protection of vulnerable persons is one of our priorities. As a regulator, it's vital that we have the tools necessary to vigorously and effectively protect the public. This includes the ability to enforce our rules and the sanctions imposed by our hearing panels on those who break the rules.

Investors must be confident that firms and individuals are complying with the rules and that, if they're broken, there will be appropriate consequences. The existence of real consequences acts as a deterrent to individuals who may consider engaging in misconduct, but failure to mete out such consequences undermines confidence in our capital markets.

We collect 100% of the fines levied against the firms that have broken the rules, but many individuals evade payment. You can see their names on our website. Our collection rate for fines owing by disciplined individuals is less than 20% across Canada, and I believe this is unacceptable.

Now, it's true: Sometimes, these individuals have no assets left to collect against. But individuals sometimes evade payment by simply ceasing to be an IIROC registrant. In Ontario, we have no ability to collect beyond that point, regardless of what they've done or how much money they owe. It's wrong. If you break the rules and you abuse the trust that your clients have placed in you, you should pay the penalty and be seen to pay it.

In contrast, the governments of Alberta and Quebec, through their respective securities acts, have given us the power to pursue these wrongdoers. Unsurprisingly, the collection rates in those two provinces are considerably higher than the national rate.

In Ontario, there are over $20 million in outstanding fines against individuals; money that IIROC could use to better protect investors, fund the administration of our disciplinary panels and support investor education. This fiscal year, our Ontario collection rate for fines imposed so far is 2%. Moreover, Ontario represents 61% of the total amount outstanding across the country.

We're pursuing an amendment to the Securities Act to permit IIROC to more effectively collect fines in Ontario. Such an amendment would give us the ability to enforce our hearing panel sanctions through the Ontario Superior Court of Justice. It would send a strong and credible message of deterrence and would advance our public interest mandate. It would also foster investor confidence in the regulatory system and, as I mentioned earlier, would do so at no material cost to the governments or taxpayers.

As I already noted, we're required to regulate with a view to promoting the protection of investors and the public interest. We do so under the express authority of either the terms of recognition orders issued by the OSC, or other provincial regulators, or the province's securities legislation specifically.

If the OSC and its staff were to carry out our duties directly, they would have the benefit of protections embedded in the Securities Act. It provides immunity for acts done in good faith in the performance of any duty or the exercise of any power under Ontario securities law. Even though we only carry out the responsibilities given to us by securities commissions, these protections don't apply to us. As a result, IIROC and its staff, including our disciplinary hearing adjudicators, are potentially exposed to legal action by individuals or entities not regulated by IIROC, based on our actions or regulatory powers exercised in the course of our public interest mandate, even when those actions are undertaken in good faith.

I'm here also to pursue the addition of an immunity provision to the Securities Act for the good-faith performance of our regulatory functions, but—let me be clear—only in respect to the responsibilities assigned to us under the Securities Act or by our securities commission recognition order. Under this proposal, when we perform a regulatory function at the behest of the OSC, we would have the same immunity as that afforded to the OSC were it to perform the function itself. This would allow our directors, officers, employees and disciplinary hearing adjudicators to act in the public interest without fear of lawsuits related to their regulatory role.

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Before concluding my remarks, I'd like to commend the government for its recent initiatives to modernize financial services regulation in Ontario. The review of the Credit Unions and Caisses Populaires Act conducted and completed by the parliamentary assistant to the Minister of Finance, Laura Albanese, is timely. We are confident that the recommendations resulting from this exercise will, upon implementation, enhance Ontario's credit union sector.

We've participated in the comment process on the preliminary paper of the expert advisory panel established to review the mandates of the Financial Services Commission of Ontario, the Financial Services Tribunal and the deposit insurance corporation. We welcome and support the panel's preliminary recommendations, which are to reduce regulatory fragmentation, promote harmonization among regulators and mandate that financial services regulators work and co-operate with each other. We believe strongly that co-operation and sharing of information between financial services regulators can facilitate better protection of investors and consumers generally. We currently have agreements in place with over a dozen organizations across Canada and internationally, and are in the process of negotiating several more.

We've also commented on the consultation documents of the expert committee created to consider financial advisory and financial planning policy alternatives. We strongly believe that there's a need for regulation of financial planning. We caution, however, as has already been noted by the FSCO mandate review panel, that there is significant regulatory fragmentation already in Ontario. It is not in the public interest to create yet another financial regulator. To do so would only lead to further consumer confusion, duplication, cost and regulatory gaps. Instead, Ontario should make use of its existing regulators to supervise financial planners operating in their respective jurisdictions, but mandate that they work together and that they move to a common series of standards and discipline.

Thank you again for the opportunity to meet with you. We seek your support for these two legislative amendments that we are recommending for inclusion by the government in the bill accompanying the 2016 Ontario budget. They will enable us to more effectively protect investors and work in the public interest. Thank you.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Kriegler. Mr. Barrett has questions for you.

Mr. Toby Barrett: Thank you, Investment Industry Regulatory Organization of Canada, for testifying. You indicated that you're not here to talk about funding. Does this organization receive funding or grants from any provincial government or federal government?

Mr. Andrew Kriegler: No. We're self-funded. We charge fees to the firms and the individuals who are licensed to act as investment dealers or investment brokers.

Mr. Toby Barrett: And under what authority? I know little about this area. The Ontario Securities Commission is subject to at least one or more acts of the Ontario Legislature. You were created by an act of the Canadian government?

Mr. Andrew Kriegler: No. The Ontario Securities Act gives the commission the authority to recognize a self-regulatory organization like us. The OSC, the Alberta Securities Commission, the AMF in Quebec, the BC commission etc. have all recognized us as an agent of delivery of securities regulation across the country, so we operate across the entire country consistently.

Mr. Toby Barrett: Through separate provincial legislation?

Mr. Andrew Kriegler: That's correct.

Mr. Toby Barrett: I think of the Ontario Securities Commission to oversee capital markets, and there is an enforcement role. Where is the division of labour between these two bodies?

Mr. Andrew Kriegler: That's a very good question. The distinction is that the Ontario Securities Commission and the others recognize our rules as part of the ecosystem of regulating the capital markets. We're responsible for enforcing our rules and they're responsible for the larger penumbra around it. As an example, if, in our surveillance of all the equity trading that goes on across Canada, we find a violation of our rules, we'll prosecute it. If we find a criminal violation like insider training, we'll refer that to the securities commission and they'll prosecute it. So we work hand in glove together across the country.

Mr. Toby Barrett: How often does your board meet?

Mr. Andrew Kriegler: Our board meets regularly six times per year, plus usually there's an additional strategic planning session as well, so seven times per year.

Mr. Toby Barrett: And just one last question: Probably seven or eight years ago, there was certainly talk about where the stock market was to lie—is it Toronto, Montreal, Alberta?—and I think there was a legislative committee that looked at the Ontario Securities Commission. What has happened in the last eight years?

Mr. Andrew Kriegler: The way in which things have developed is that large capitalization equities—that is, the big companies—tend to be listed on the Toronto Stock Exchange here in Toronto. The same parent company, the TMX Group, operates the TSX Venture Exchange, which is based in Vancouver, which is for smaller capitalizations, small companies. And in Montreal, under the supervision of the Autorité des marchés financiers, the Quebec regulator, is the Montréal Exchange, which does listed derivatives. So there has been a dividing, if you will, of the markets into those three.

Mr. Toby Barrett: My colleague has a quick question.

The Vice-Chair (Mr. Peter Z. Milczyn): Mrs. Munro?

Mrs. Julia Munro: Just a couple of quick questions.

At the end, you make it clear that you're looking for support—

Mr. Andrew Kriegler: I am.

Mrs. Julia Munro: —for these legislative changes. I'm just wondering if you have received indicators of support. Do you see it as a long process? Have you been able to get any sense of the commitment of the government?

Mr. Andrew Kriegler: Well, obviously I cannot put words in the mouth of the government, but we have been engaged with the government, with the securities commission and with public officials in the department of finance for some time on this matter, and we're hopeful that the government will consider moving forward with it, as we believe that it allows the government to help protect Ontario investors.

Mrs. Julia Munro: Which certainly seems to me to be an appropriate mission. Thank you.

Mr. Andrew Kriegler: Thank you very much.

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

ONTARIO CHAMBER OF COMMERCE

The Vice-Chair (Mr. Peter Z. Milczyn): Our next witness is the Ontario Chamber of Commerce. Good afternoon. You have 10 minutes for your presentation, followed by five minutes of questions, in your case from the third party. As you begin, please state your name for the record.

Mr. Scott Boutilier: Good afternoon, everyone. My name is Scott Boutilier, and beside me is my colleague Katie Sullivan. We're both members of the policy team at the Ontario Chamber of Commerce.

For those of you who are unfamiliar with our organization, we are an independent, nonpartisan organization that advocates on behalf of Ontario's business community. We represent a network of local chambers of commerce and boards of trade in 135 communities across the province, as well as 60,000 employers who operate in all regions of the province and in all sectors of the economy.

I'd like to thank the committee for inviting us here today to express our commentary on priorities for the upcoming 2016 budget. You should all have our submission document in front of you now. As you'll see, it contains 13 recommendations grouped under four separate priorities. We're not going to go through all of those recommendations today, just given the time constraints of our presentation, but we will go through each of the priorities and provide some highlights of key recommendations. Of course, if you have any questions on any of the other recommendations, please feel free to ask us.

If you could all turn to page 4 in your document, I'll start with presenting our first priority, which is to eliminate the deficit and reduce the debt. For those of you who have seen our past pre-budget submissions and past presentations, you'll be familiar with this recommendation, as we've consistently included it in our pre-budget submissions of the past few years. We've done this because, from the perspective of the business community, the province's current fiscal situation continues to be a concern, for a few different reasons.

First, the current fiscal situation, i.e. a large deficit and a growing debt, reduces business confidence in the province and could deter private investment. It also reduces the government's capacity over the long term to engage in productivity enhancements through investment, for example, via rising debt payment obligations, and also compromises the ability of government to respond to future economic slowdowns.

In our document, again, we're strongly encouraging the government to meet its fiscal commitments of achieving a balanced budget by 2017-18, and we have three recommendations in here to do so. I'm just going to talk about the first one, which is to continue to pursue program review, renewal and transformation.

We do applaud the government for moving ahead with the PRRT initiative to identify opportunities for transformation and modernization within government. The practice of reviewing the suite of programs and services that government offers and delivers on a regular basis is something that we've definitely been supportive of in the past. However, out of that PRRT initiative, which has been around for a couple of years now, we have yet to see any major areas of program or service delivery come up as candidates for transformation, which we believe is an essential key of achieving fiscal sustainability over the long-term. So in our document, we're calling on the government in 2016 to identify an area of major program or service delivery to put out to tender.

Now I'll pass it over to Katie to talk about our second priority.

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Ms. Katie Sullivan: The second priority that we've identified is to create and leverage new market opportunities. As the charts on page 6 of our submission illustrate, our traditional trading partners, such as the United States, are experiencing slower economic growth while emerging economies are surging ahead. The three recommendations in this section have been designed to enhance Ontario's trading relationships in emerging markets so as to sustain economic growth.

As articulated in recommendation 2.1, we are supportive of the Trans-Pacific Partnership, but recognize that there is an opportunity throughout the negotiation process for the provincial and federal governments to work together to restore the case for auto manufacturing in Ontario. The auto industry accounted for $63 billion, approximately one third of Ontario's international exports in 2014, and directly employed over 100,000 people in Ontario. In addition to boosting our economic performance, the industry is a critical source for high technology investment and productivity growth. We believe that it is critical that the government work to retain and attract auto manufacturing investment in the province.

As stated in recommendation 2.2, we are highly encouraged by the government's commitment to spend more than $130 billion in public infrastructure projects over the next 10 years. We recommend that the government invest in trade-enabling infrastructure such as airports and roads to provide Ontario businesses with more effective avenues to get their goods to market. We've heard from our members that the infrastructure deficit in Ontario significantly burdens industry export profiles. We recommend that the provincial government work with the private sector operators and investors, as well as the municipal and federal governments, to ensure the optimization of physical and technological infrastructure, thereby creating a more competitive supply chain.

Turning to page 9, the third priority that we've identified is to develop frameworks to strengthen the sharing economy. Global revenues from the sharing economy in 2015 were $15 billion. This sector is expected to reach $335 billion by 2025. In order to leverage the tremendous growth of this sector, we recommend that the government collaborate with cities throughout the province to develop and adopt effective home- and ride-sharing regulations.

Just last week, Edmonton city council became the first in Canada to pass ride-sharing regulations. We've also begun to see insurance providers offer products for ride-sharing operators. Clearly, other actors have started to adapt to this emerging sector, which we believe opens the door for the government to develop regulations that will ensure a safe operating environment for sharing services so that Ontarians can continue to benefit from the sharing economy.

With that, I'll turn it over to Scott.

Mr. Scott Boutilier: Thanks, Katie.

On page 12, we have our fourth and final priority, which is to engage the business community throughout the development of regulatory reforms. Really, our intent in the recommendations in this section is to encourage more closely coordinated efforts between the government and the business community when it comes to tackling some of the major issues that the government is looking to tackle, like climate change or retirement income security, for example.

Before I talk about any of the recommendations, however, I did want to recognize the government's business Growth Initiative, which it recently announced in the fall economic statement in November. Steps, more specifically like the establishment of the regulatory centre of excellence, from our perspective are really, really encouraging and signal that the province is starting to move in the right direction when it comes to thinking about smarter regulation.

On that topic, a key recommendation in this section is for the government to adopt a so-called "better regulation" approach to regulation. The "better regulation" approach is something that's been recently adopted by the European Commission. It has a number of innovative features that we think would suit the Ontario context as well. For example, the "better regulation" approach allows stakeholders to be engaged in the regulatory development process at a much earlier stage in that process. It also ensures that any new regulatory initiative or regulatory proposal is assessed in a public way, alongside alternative policy options.

We really encourage the government to continue to take steps like the Business Growth Initiative, to move further along this path to smarter regulation.

That ends our presentation, so we're happy to take questions at this time.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you very much. Ms. Fife has questions for you.

Ms. Catherine Fife: Thanks very much to both of you for coming in. You've given us a lot to think about; some of it, you've raised with us in previous years.

I just want to touch a little bit on the ORPP. You say on page 14, "The vast majority of employers in Ontario have not received any direct communication from the government...." Yet there was a recent announcement. I just want to echo your concerns around the confusion perspective, as this government tries to roll out this plan in some way.

In 2014, they said that every employee would be part of the ORPP or a comparable plan by 2020. Last week or the week before, when they made the other announcement, they said "every eligible employee," so there are still some questions out there as to who will be affected by this plan. I guess I'm saying that what we're hearing is there's a lack of clarity. The consistent part of the ORPP is that there's a lack of clarity on how it's rolling out.

This is day 6 of our finance committee going around the province, and a consistent theme has been the high price of electricity. In your latest report, Emerging Stronger, you said that businesses' confidence level in Ontario's economy is at a five-year low. Would you cite electricity prices as a factor in that statement?

Mr. Scott Boutilier: Electricity prices are definitely something that we hear across the province as the number one concern of the business community. We did a report on electricity prices last summer; it came out in 2015. Electricity is a really difficult issue for the province. In our research process, to come up with a set of recommendations on curbing the rising electricity costs, it was clear that there is no silver bullet solution.

Ms. Catherine Fife: No.

Mr. Scott Boutilier: There have been a number of decisions that have been made, whether you agree with them or not, that have contributed to the rising price. It is something that definitely remains a concern for us, and we have consistent communication with the Ministry of Energy on this file.

If I may, I just want to go back to your point on the ORPP for a second—

Ms. Catherine Fife: Can you just speak up a little bit, please?

Mr. Scott Boutilier: Sure.

Ms. Catherine Fife: Thank you.

Mr. Scott Boutilier: Do you mind if I respond to your comment on the ORPP for a second?

Ms. Catherine Fife: Fine. That would be great.

Mr. Scott Boutilier: The concerns you outlined are definitely consistent with what we've been hearing from the business community as well. The notification and verification process for plans hasn't begun yet. For many employers, the first wave of implementation is fast approaching, and a lot are worried that they won't have time to fully consider the implications of the ORPP for their business.

Ms. Catherine Fife: So they want information, right? They want to know what the terms of engagement are.

Mr. Scott Boutilier: Yes. Above all, they want information to understand where they fall into the implementation process.

Ms. Catherine Fife: And that's a reasonable request.

Mr. Scott Boutilier: Yes, and one of the things we're asking for in this submission is for wave 1—the start of contributions—to be delayed by one year, and use 2017 as an enrolment and verification year, to give the business community enough time.

Ms. Catherine Fife: The final thing I want to address—and this came up at the economic summit, which I always attend every year; I think it's an excellent opportunity for politicians to learn. You are actually asking for regulation. Something the chamber does not do on a regular basis is ask for more regulations. Clearly, with the sharing economy—it's not just emerging; it's here—you are asking for some guidelines, a framework.

1430

What response have you got back from the government? It seems that people are reluctant to weigh in on this, when there really are some serious issues at play, like consumer protection and safety. Do you want to weigh in on the sharing economy?

Mr. Scott Boutilier: Sure. You're exactly right on characterizing our position. We do want to see some sort of regulatory framework developed for the sharing economy in Ontario. We do think that we have an opportunity to be a leader within Canada on this file. I know that the government of Ontario has highlighted the sharing economy as a priority, and we've definitely been in conversations with them about how to develop a leading regulatory framework. But I think you're right.

Ms. Catherine Fife: There's some catching up to do.

Mr. Scott Boutilier: Yes, and the sharing economy is definitely not going away, so we do have to find a way to accommodate that.

Ms. Catherine Fife: No, it's here. There's no doubt about it.

Just on the electricity price: You said there's no silver bullet but there are some strategies that can mitigate the negative impact. We have the highest electricity prices in Canada—Ontario does. That impacts manufacturing. We have heard from various stakeholders across the province, especially northern and rural ones, who would like to see some relief from those high costs. The government has to address the high cost of electricity. They created this mess and they're going to have to deal with it at some point.

Mr. Scott Boutilier: One of the things we've been quite active on is trying to educate our members on the programs that already exist. We've had a partnership with the IESO that came out of our electricity report that's been helping our membership get access to that information.

Ms. Catherine Fife: That's good. It's a challenge; there's no doubt about it. We have these smart meters that don't work in northern or rural communities where there are rocks or trees, and yet we knew that there are going to be rocks and trees in the province of Ontario when we signed up for that plan.

There at least should be a strategy in place to lessen the burden on businesses and manufacturers across the province, because they're paying the price for some very poor energy policy. Thank you.

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

Mr. Scott Boutilier: Thank you.

OPTRUST

The Vice-Chair (Mr. Peter Z. Milczyn): Our next witness is OPTrust. Good afternoon, sir. You have 10 minutes for your presentation followed by five minutes for questions, in your case from the government side. As you begin your presentation, please state your name for the record.

Mr. Hugh O'Reilly: My name is Hugh O'Reilly and I am the president and chief executive officer of OPTrust.

I'd like to thank you, Mr. Chair, and members of the committee for this opportunity to make a presentation today. I'm circulating a document that just outlines the highlights of our organization and explains it.

We are a jointly sponsored defined benefit plan with over 86,000 members and $17.5 billion in assets. We are the fifth-largest public sector pension plan in Ontario. Our plan members are primarily front-line workers for the government of Ontario and its agencies, boards and commissions, and those who belong to the Ontario Public Service Employees Union. We are a fully funded plan, one of a select group of Canadian pension plans that can make that statement.

We also take serving our members as seriously as we do our funded status. I'm proud to report that we consistently receive high service satisfaction scores from our membership.

Our investment operations are global. We have offices in Toronto, London and Sydney. Our diversified portfolio also spans the globe with public market, private market infrastructure and real estate assets in North America, Europe, developed Asia, and emerging markets. Our investment activities are complemented by a sophisticated, responsible investing program that incorporates environmental, social and governance considerations into our investment activities.

A recent study by the Boston Consulting Group found that Canada's top 10 pension plans, of which OPTrust is one, are an important part of Canada's prosperity. Collectively, these plans manage over $1.1 trillion in assets, which has tripled since 2003.

As large institutional investors with a long-time horizon, we have the ability to enhance the stability of capital markets. We are also a stable source of capital for infrastructure and real estate projects around the globe.

The Economist has called us "maple revolutionaries" and countries around the world look to the Canadian model to learn how to get pensions right. OPTrust is cost-effective, efficient and excellent at delivering retirement income security to thousands of Ontarians.

Today, I'm here to share my views on some pension-related matters. In particular, I will speak to the sustainability of pension plans in Ontario, the Ontario Retirement Pension Plan, and expanding the Canada Pension Plan.

The long-term sustainability of pension plans is a fundamental concern for OPTrust. As an industry, pensions are facing some of the most challenging conditions we have ever witnessed. Market volatility has become the new normal. Interest rates have remained low for a prolonged period, and all indications point to the coming years as ones in which investment returns will also be consistently low.

These investment conditions would be challenging enough on their own. The pension industry, however, also faces the demographic reality of an aging, longer-lived population, which, while fantastic for Ontarians, introduces new challenges for pension plans.

Many plans, including OPTrust, are becoming increasingly mature. The ratio of active contributing members to retirees is shrinking, and our retirees are living and collecting their pensions longer. The confluence of these factors means that it is becoming harder to achieve investment returns without taking on additional risks. Plans have a smaller pool of active members over which to spread the risk we take, and we must fund our plans to pay pensions for longer.

In this context, my organization has introduced a member-driven investment strategy which is designed to enhance the likelihood of pension certainty by balancing sustainability—otherwise referred to as generating necessary returns—with stability; that is, effectively managing investment risk. We call it member-driven investing because our strategy seeks to consistently align our activities and outcomes with the interests of our members.

For members, the true value of a defined benefit pension plan is certainty at a stage of life when there is little runway to accumulate more. Defined benefit members don't have to view their retirement income as an ever-dwindling resource that the member could outlive. Beyond the dollars that will one day be paid, we give members the confidence that they can count on their pension to be there when they retire and that their contributions and prospective benefits will remain as stable as possible during their working years.

We also look for ways to improve our ratio of active members to retirees to support long-term sustainability. As a plan that serves public sector workers, we believe in a healthy and vibrant public service. I encourage the Legislature to support and maximize opportunities for workers across the broader public sector to participate in a defined benefit pension plan like OPTrust.

I also believe that it makes sense for there to be greater consolidation of small pension plans that serve public sector organizations. This would allow those organizations to focus on their core operations rather than struggling with the complexities of a pension plan. At OPTrust, our core business is pensions.

Improving retirement income security for more people is one of the pressing issues of our time, and I'm pleased to see the significant progress that has been made on the Ontario Retirement Pension Plan. My organization has been a strong advocate for the ORPP from the start because we believe that everyone should be able to retire with security and dignity and that more Ontarians should have access to the advantages of a defined benefit pension.

We have seen the evidence and heard the numbers. Over three million Ontarians don't have the security of a workplace pension; many Ontarians struggle to save enough for retirement on their own; high-quality workplace pensions have eroded; and too many people are left to wonder if they will outlive what they have managed to put away for retirement.

The ORPP is good public policy because it addresses these issues head-on. The recently announced details of its design demonstrate the government's commitment to the principles of sustainability, cost efficiency and retirement income security. However, on its own, the ORPP won't provide enough income to fund an individual's retirement, not does it intend to. What it will do is increase the amount of secure income that retired Ontarians have overall. In turn, this will help more Ontarians participate meaningfully in the economy in their retirement years.

Without question, the ORPP is a bold step, although I would offer that since Ontario is home to some of the world's leading pension plans, it's only appropriate that this province would continue to lead the way in retirement innovation. However, the reality is that breaking new ground is never easy. There are some who would prefer that nothing be done and that we instead kick the retirement can down the road, so to speak. It is always easy to find reasons not to act; but we would say, "If not now, when?"

1440

Even as the ORPP is still in the process of development, it has had a significant and, in our view, positive effect on the retirement income debate. The ORPP will also help to frame the debate going forward. The experiences and lessons learned by Ontario can serve as a model when the federal government considers expanding the Canada Pension Plan. I would submit that it is in the best tradition of Canadian federalism for a province to act as a social laboratory in which new ideas and programs can be tested. Other provinces can also learn from Ontario's experience as they tackle retirement income needs in the context of their own challenges and priorities.

In particular, the direction that the ORPP is taking seems to be to avoid a bricks-and-mortar solution. The ORPP Administration Corp. is working with the federal government as it seeks access to use the existing CPP administration system. This is the right approach. It is collaborative, it is cost-effective and it doesn't seek to reinvent the wheel when a proven and successful system already exists.

As the ORPP Administration Corp. looks at options to effectively invest the ORPP's assets, it should remain true, in our view, to these principles. Many of our leading pension plans are Ontario success stories. Toronto is often referred to as the Silicon Valley of the pension world. The sheer concentration of pension expertise in this province is a source of significant advantage to the government for projects like the ORPP.

Again, the wheel does not have to be reinvented, nor is a bricks-and-mortar solution necessary, for the investment of the ORPP's assets. What I am saying is this: Look to our industry, to Ontario's jointly sponsored pension plans, for the investment solution. I believe that public sector pension plans can and should be strong partners with government.

Against this backdrop, OPTrust is spearheading dialogue about pension investing, public policy challenges, and long-term sustainability.

The Vice-Chair (Mr. Peter Z. Milczyn): Could you please wrap up?

Mr. Hugh O'Reilly: I will. Just suffice it to say that we're hosting a conference this fall where we're having a global pension investment conference and where we can highlight Ontario's expertise as well as gather the pension world in Toronto to have a look at what we're doing.

I'm happy to answer any questions, Mr. Chair.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you, Mr. O'Reilly. Ms. Albanese has questions for you.

Mrs. Laura Albanese: Thank you for your presentation and for your comments in regard to how the government is moving forward towards a retirement income system that we hope to strengthen.

You spoke about how you think it will impact the average Ontarian. It would seem to me that you would like to be—how can I put this?—like a trusted partner, in a way, to look to when it comes to technical and policy advice on how to move forward.

You spoke about sustainability versus stability. You also suggested a greater consolidation of public pension plans. What would be the map for that? How would you see that unfolding?

Mr. Hugh O'Reilly: I think that the province has begun efforts to lead conversations about the consolidation of public sector pension plans in the broader public sector—for example, in the university sector. My view is that the province should perhaps take a more activist role and encourage these smaller plans to join one of the existing jointly sponsored plans.

The jointly sponsored plans are highly successful. They're great investors. They all run a really good pension administration system. They have great investment track records. That way, I think, smaller organizations which have these plans could then relieve themselves of the burden of administering these plans, with the satisfaction that their employees would be given the opportunity to participate in an excellent pension plan.

I also think that some look at the way in which we offer benefits—we'd like to engage constructively with both our OPSEU sponsor and the government sponsor around that.

Mrs. Laura Albanese: Okay. The presenter before you, the Ontario Chamber of Commerce, was advocating for a delay of one year in the implementation of the ORPP to give businesses more time to adjust. Do you think we're giving enough time, as the government, in the implementation, as it stands now?

Mr. Hugh O'Reilly: I guess I would come at it from a different direction. I think the implementation of a program of this size is going to be a challenge. When we look south of the border and we see the way in which the Affordable Care Act was implemented, even though billions of people got enrolled, the fact that a tiny percentage of those who were enrolled had difficulties became the story.

I think, based on our conversations back and forth with the people who have been charged with setting up the ORPP, that these are sensible people. They want to do the right thing. Also, with the recent change in federal government—I mean, I'm not a political person at all, but I do know that prior to the change in government, the federal government wasn't willing to work with the province on allowing the province to use the existing CRA system. Based on publicly available statements, it looks like that conversation has begun.

But I think that the best approach would be to make sure that expectations are managed, that people understand what the system is, how it's going to work, and there's enough time to do it the right way. I appreciate that you will likely say I was somewhat evading your question, which I will confess to. Having said that, doing it the right way is important, but if there were to be a delay, I think it's critical that statements be made that this doesn't mean this is going to stop. This is a really important issue for Ontario and, indeed, the country.

Mrs. Laura Albanese: Well, thank you very much.

The Chair (Ms. Soo Wong): Thank you very much, Mr. O'Reilly, for being here.

Mr. Hugh O'Reilly: Thank you.

WINERY AND GROWER ALLIANCE OF ONTARIO

The Chair (Ms. Soo Wong): The next presenter before us is the Winery and Grower Alliance of Ontario: Mr. Patrick Gedge and—are they here? Okay. Good afternoon, sir. Welcome. I believe the Clerk has your written submission. As you probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party.

You may begin anytime. When you begin, please identify yourself for the purposes of Hansard. Thank you.

Mr. Jim Clark: Sure. Good afternoon. My name is Jim Clark. I am the chair of the Winery and Grower Alliance of Ontario, as well as president of Colio Estate Wines. Accompanying me now is Patrick Gedge, who is the president and CEO of the Winery and Grower Alliance of Ontario.

Ms. Daiene Vernile: Do you have free samples?

Mr. Jim Clark: Not yet.

Laughter.

Mr. Patrick Gedge: You know, we wish.

Mr. Jim Clark: I thought of that. It would have been a good opening start.

The WGAO is the only trade association in the Ontario wine and grape industry that is composed of both wineries and independent growers. Our members produce 85% of all wine in Ontario and purchase over 85% of all grapes grown by independent farmers in this province. We operate the largest iconic tourism wineries in the province in Niagara, such as Inniskillin, Peller Estates, Jackson-Triggs, Trius Winery at Hillebrand, Château des Charmes and, of course, Colio Estate Wines down in southwestern Ontario.

Our members represent almost 90% of all imported and exported wines to over 80 countries around the world. The economic impact of our industry is $3.3 billion and some 14,000 jobs. We create jobs and investment in the province—not in other countries, we like to say. On average, every bottle of Ontario wine sold generates almost $40 of economic impact in the province.

Our value chain in economic impact is found in multiple sectors, which is very beneficial to Ontario and various wine-growing regions of the province. Our economic impact encompasses agriculture, manufacturing, tourism and retailing. Wineries attract over 1.9 million visitors a year, who in turn spend money on accommodation, restaurants and other local attractions.

The wine and grape industry has been acknowledged as a very complex and very unique business. This is an accurate characterization because our businesses are based on long-term capital investments by wineries and grape growers. It takes at least three years to grow grapes that can be turned into wine. The winery needs the manufacturing capacity to bring in the grapes over a two- or three-month period each year. It takes one to three years before a bottle of wine can be sold, at last generating revenue.

I'm going to actually look at the business. We're the only ag business you look at that produces, manufactures, ages, bottles, retails and markets product. Most other ag businesses are produced and sold off to second parties.

For wineries that purchase grapes from independent farmers, as our members do, you need the financial predictability and stability to commit to three- to five-year rolling contracts with the growers. It's these multiple-year contracts that are necessary for stability, needed for our grape growers and the entire value chain.

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Our business is dependent on climate and other variables which produce the size of grapes, and the grape crop will change dramatically year over year. The last couple of years, we've had the polar vortex and the Siberian express, as they say, certainly not conducive to growing grapes. In 2013, there was an 80,000-tonne crop; this year, it was 52,000 tonnes. The difference is about 54% and, obviously, you have quality and quantity issues by varietal, and they could be different from year to year.

We compete against imported wines from every country around the world. Ontario is one of the three biggest markets targeted by wine-producing regions globally. As a result, the price points are extremely competitive and quality needs to be paramount in all segments of our business. We look at market share in Ontario now and it's obviously a big challenge for our industry. The imports are fishing off our dock and they're eating our lunch, as well.

Our distribution channel network needs to respect international free trade agreements signed over the past 25 years, including the recently announced EU economic and trade agreement—CETA—and the proposed TPP agreement.

Profit margins are a big concern for the industry. They're small compared to other industries and to other alcohol beverage categories. We look at this business as being a low-margin business, based on taxation and other challenges that we have to deal with.

This industry, in one line, is not for the faint of heart and short-term investors. It's a long-term game. I think that our business is rooted here and we look to work with government and various stakeholders within the industry to be successful.

Patrick?

Mr. Patrick Gedge: Sure. Given all of the above complexities and variables, what does it mean? What it means is that, as an industry, we need to plan and make investments years ahead of making revenue. It means that financial stability and predictability for our business is paramount because of the high business risks involved. It means that the shock of any new taxes or changes will be felt throughout our entire value chain and affect future growth, jobs and investments.

The best and most sustainable source of increasing revenue to the government is through supporting the growth of the domestic wine and grape industry in Ontario, not in other countries. The driver of such growth is an increase in the sales of Ontario VQA wine, which makes up 25% of all Ontario wine sales volume, and international-Canadian blended wine—ICB—which makes up 75% of Ontario wine sales volume. Both of these categories of Ontario wine compete against imported wines: VQA against appellation wines over $10, and ICB against imported value wines under $10.

We also strongly recommend that the government leverage the LCBO to generate both provincial revenue and grow Ontario businesses, jobs and investments at the same time. Through this leveraging of the LCBO, there's absolutely no reason that we cannot grow the economic impact of our industry from $3.3 billion to $5 billion by 2020. Frankly, we doubt that there's a consumer or taxpayer in the province who would disagree with this sentiment and logic.

Our potential to grow the sales of Ontario wine is enormous. For example, the market share of Ontario wines sold through the LCBO is some 24%, and that includes both VQA and ICB wines. In British Columbia, the comparable number for BC wine sales through their liquor board is 43%, and in many other provinces in Canada the market share of the sale of domestic wine is higher in their liquor boards than that of the LCBO, even though we're home to the largest wine and grape industry in Canada. As Jim often says, the LCBO is our retailer of choice.

We recognize the government is also searching for additional revenue in the short term. As a result, we've identified a number of revenue opportunities to government, including the increase of minimum prices of wine through the LCBO and potential increases in across-the-board markups. We'd like to ensure that any such changes would impact domestic and imported wines in the same manner, so the competitiveness of Ontario wines in the marketplace is not negatively affected. If there were any new tax or markup increases just applied to the sale of Ontario wine, then the ultimate result would be reduced investments and grape purchases in Ontario.

We have also made a series of recommendations to the government which would streamline regulations and provide Ontario wineries with more business flexibility to grow.

In conclusion, we have three very straightforward points to make, which we believe Ontarians and taxpayers would support. First, consider all propositions and ideas for the provincial budget through the lens of whether the economic contribution of the Ontario wine and grape industry and subsequent revenue to government will grow or shrink as a result. Secondly, leverage the LCBO's extensive store network to increase Ontario wine sales and market share, with a resulting positive economic impact on Ontario. Finally, ensure that any proposals for the provincial budget do not negatively affect the financial stability and future growth potential of the Ontario industry, thus making it less competitive against imported foreign wines.

Thanks very much for your time and consideration. We look forward to your leadership in creating more jobs and investments in the province through the Ontario wine and grape industry.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to the opposition to begin this round of questioning. Mr. Barrett.

Mr. Toby Barrett: Thank you to the alliance for coming forward.

Conclusion point 3, your last point, to ensure that any proposals in the provincial budget don't negatively impact you: What might be coming down the pipe? What are we worried about? Maybe you don't want to talk about it, but I'm trying to guess what this would be.

Mr. Patrick Gedge: No, I think in general we're recognizing that the Ontario government is going through review processes with respect to the LCBO and the alcohol system in Ontario. Frankly, we've been very involved in that and very pleased by the transparency of that process. We just want to make sure that as we go through that process, they recognize the economic impact of our industry and ensure that we continue to be as competitive as we are today as we go into the future.

Mr. Toby Barrett: And then one proactive proposal, leverage the LCBO—essentially more Ontario wine on the shelves, like we see more BC wine on the shelves in BC. How has that been going over the years? Are we losing or winning or—

Mr. Jim Clark: I would say we've been stagnant at best. I think the industry values the LCBO as our leading retailer of choice. I think there are other opportunities for promotion activities, regional promotions and various programs throughout the year. Right now, we have one program that is usually around Thanksgiving. The biggest selling periods for wine are really Easter and Christmas; Thanksgiving is good as well—but certainly more opportunities to promote at the biggest selling time, against the imports.

Mr. Toby Barrett: Beyond the LCBO, you mentioned international trade—the TPP, recently, and CETA. For example, OMAFRA: Do they have a department within the ministry, or staff overseas or in the United States, promoting product like wine, dealing with these kinds of trade issues?

Mr. Patrick Gedge: Sorry, the federal government?

Mr. Toby Barrett: No, I was thinking of OMAFRA, the Ontario ministry—

Mr. Patrick Gedge: OMAFRA, yes.

Mr. Toby Barrett: —or other Ontario ministries. What kind of presence do they have as far as helping with wine exports?

Mr. Patrick Gedge: Certainly the various ministries that are involved in our file—and the lead ministry is OMAFRA—are very sensitive to the industry and fully recognize its economic impact. I do know that through some various programs that we've developed through our marketing association, we're looking at increasing our exports over time.

At a federal level, we have a close connection through global affairs in terms of providing information and opportunities for profiling Ontario and Canadian wine in embassies and consulates throughout the world.

The Chair (Ms. Soo Wong): Ms. Munro?

Mrs. Julia Munro: Yes, thank you. I wanted to ask you, although it's not on your sheet, if there were concerns that you would want to raise with regard to land use policies. Obviously, you have to be able to have the appropriate kinds of tracts of land for growing grapes. I just wondered if there were issues there.

Mr. Patrick Gedge: Probably the biggest thing—when you look at the grape crop, over 90% of it is from the Niagara region. The implementation of the greenbelt a number of years ago—I know there's currently a review of it—is something that we're always very sensitive to.

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Having said that, we've been able, within the constraints of the greenbelt, to increase investments both in wineries in Niagara as well as more land in order to produce more grapes.

I would basically say that we highly respect what the objectives of the greenbelt have been, and I think most people would probably consider it quite successful. At the same time, we've still been able to grow our industry within that context, and I think that even reinforces the importance of the growth of our industry, because then we can respect the greenbelt, while at the same time, be able to provide the types of jobs and investments in an area that has those types of parameters.

Mrs. Julia Munro: Thank you.

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

Mr. Jim Clark: I'd say that's not an issue in southwestern Ontario, but certainly cognizant of Niagara.

The Chair (Ms. Soo Wong): Gentlemen, thank you very much for your presentation as well as your written submission. Have a good afternoon.

Mr. Jim Clark: Thank you.

WINE COUNCIL OF ONTARIO

The Chair (Ms. Soo Wong): The next presenter is the Wine Council of Ontario: Mr. Richard Linley. You're very timely, following each other.

Mr. Linley, you know you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the third party. When you begin, please identify yourself for the purposes of Hansard. Thank you.

Mr. Richard Linley: Absolutely. I'm Richard Linley, the president of the Wine Council of Ontario. Let me begin by expressing my gratitude for the invitation to appear today as part of your committee's pre-budget consultations. I presented last year and I always welcome the opportunity to present to your committee, Madam Chair.

As some of you know, the WCO's role is to promote Ontario VQA wines and vintners, support the production of excellent local wines valued both at home and abroad, and build on the substantial economic benefits that the VQA wine industry brings to the province.

A quick overview of our membership: The WCO represents over 100 commercially active wineries across the province—about 90% of all Ontario wineries engaged in trade associations. My members are independently and locally owned SMEs. They are grape growers, manufacturers and leaders in tourism in their communities. My members are from all of the designated viticulture areas and growing regions of the province.

As Patrick alluded to in his presentation, Ontario's VQA wine industry is important, and my members represent a growing sector of Ontario's agri-food economy. In fact, we are a significant driver of the rural Ontario economy.

By the numbers, VQA wines and vintners in Ontario have grown from 66 in 2003 to more than 150 today, more than doubling in the past decade. Over 14,000 direct and indirect Ontario jobs are tied to the continued success of the Ontario wine industry. At a retail level, each bottle of Ontario VQA wine drives an economic impact to the province. Total retail value of VQA sales for the year ending March 31, 2015, was over $400 million.

Given our widespread growth, the government has demonstrated time and time again that they believe in our sector and have a stake in our continued success. For that, we say thank you. Examples include the government's 2015 renewal of the Ontario Wine and Grape Strategy; the extension of VQA wine sales to farmers' markets; the AGCO's Regulatory Modernization in Ontario's Beverage Alcohol Industry consultations, which is helping to reduce the regulatory burden on Ontario wineries; as well as the Premier's Advisory Council on Government Assets, which is leading ongoing discussions on how to fundamentally transform our sector. All of these initiatives serve as important policy tools, programs and consultations to not only help meet the Premier's Agri-Food Challenge—to which we are fully committed—but also to continue our positive growth.

As part of today's presentation, I would like to highlight three specific budget priorities, but I will also preface them with a few initial comments.

First, let me begin by stating our members applaud all the changes that have been made in beer retailing by Premier Kathleen Wynne and her government, and we appreciate the ongoing constructive dialogue with Ed Clark through the Premier's advisory council process.

As an industry, we want to continue to create jobs and grow the economy, and the council has shown great confidence in the economic growth potential of our sector. If the same craft beer reforms announced last year are mirrored for our industry, the benefits will be even greater for the economy, including more job creation and economic growth; more direct impact on Ontario farms, including increased production and acreage; and more investment and benefits across the wine manufacturing value chain, including local tourism. Simply put, growing our industry is not only good for local wineries; it's also good for government and it's good for consumers.

With more jobs and increased sales, there will be more tax revenues to support government priorities such as health care, education and infrastructure. With new retail options, wine consumers will have greater choice and convenience.

For this upcoming budget, the WCO and its membership have three priorities that do not require additional government investment but which we believe will provide the right climate for our industry to continue to grow, invest, compete and create jobs.

First priority: We ask that the government level the playing field in our industry and achieve greater market access for Ontario VQA wines through new retail channels, like you have done for the Ontario craft brewers. As you may know, there are existing stores in Ontario, but many of these were grandfathered back in the early 1990s, and the government has not permitted any further stores to be created. As a result, the rest of the industry is restricted to selling through the LCBO or at their wineries.

We have long advocated that there should be greater competition in the wine retail sector. Doing so would increase consumer choice while addressing the most significant unfairness issue in our industry. It would also lead to increased production of Ontario VQA wines by providing needed consumer access points for VQA wineries.

Ultimately, the change we seek is about fairness, about economic opportunity, about leveraging new investments, and, most importantly, about creating jobs while producing a local quality product.

Second priority: We ask that the government ensure that public investment in our industry is invested wisely and more effectively. We believe that the current support program for VQA wine sales would be more effective in leveraging investment and supporting growth if it were a permanent tax credit program.

Only in Ontario are domestic wine producers asked to compete under the same markup structure as imports, a challenge exacerbated by the fact that there is a monopoly on retailing in the province. The precedent for a tax credit already exists and it would be best accomplished with tax changes similar to those for the Ontario craft brewers. The Taxation Act, 2007, included a refundable corporate tax credit for small beer manufacturers. Manufacturers qualify if they meet certain criteria, including limits on production. This type of tax structure would better support economic growth and job creation in our sector, particularly for small and medium-sized wineries. It would provide timely relief and, unlike the VQA support program, new entrants would not reduce the relief to current market participants. The tax change would also allow the shedding of an industry support program in favour of a tax credit designed to harness productivity and focus on competitiveness.

Third priority: We ask that the government permit third-party warehousing and distribution, which will benefit Ontario wineries by cutting costs and streamlining their business practices. VQA wineries need to deliver their products efficiently and directly to retail access points and licensees. The ability to service these channels currently is extremely inefficient, requiring many small shipments from the winery directly to the destinations. More conventional logistics would use remote warehousing near major urban centres such as Toronto, Ottawa, Windsor or London, in conjunction with local delivery solutions. This would eliminate the need for as many as 100 or more individual winery delivery trucks, thereby reducing carbon emissions and traffic congestion in major urban areas while improving customer service and product availability. By pooling their products with other VQA wineries in third-party locations throughout the province, VQA wineries would be able to achieve greater market access for lower costs.

With these changes, we forecast as much as a 20% to 25% increase in VQA sales to the licensee channel over the next several years as a result of freer and more efficient access to market.

We also ask that this opportunity be applied to new retail opportunities—and grow the recent farmers' market initiative, which was spearheaded by the Premier.

I will close now, but I want to emphasize that our industry will continue to grow if the government gives Ontarians the chance to support their local wine industry in an expanded and modernized retail and distribution landscape. We believe that our budget priorities complement this objective and, if fully implemented, would unlock the Ontario VQA wine industry's true growth potential, allowing us to reinvest and quickly increase our direct and indirect jobs in the province.

I want to thank you again for the opportunity to appear. I look forward to any questions you may have.

The Chair (Ms. Soo Wong): All right. Thank you very much. I'm going to turn to Ms. Fife to begin this round of questioning.

Ms. Catherine Fife: Thank you very much, Mr. Linley, for coming in and sharing some of your priorities for this upcoming budget.

I'd like to hear more about the tax credit. Have you raised this issue in prior submissions to the Ministry of Finance? Because you're really looking for parity, based on the 2007 credit as well. Can you speak a little bit more about that, please?

Mr. Richard Linley: It's a discussion we've had at the government/industry steering committee, with the chair and the ADMs. But it's a conversation we started last year as part of the budget process, and something that we continue to carry forward.

Last year, the government did renew, in terms of Treasury Board approval, the Ontario Wine and Grape Strategy for the next five years, which is fantastic. But it's a conversation that continues, and we'll need to get further alignment with other stakeholders in the industry.

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Ms. Catherine Fife: You did mention, though, that there's precedent. In 2007, this tax credit was extended to craft brewers. Is that—

Mr. Richard Linley: That's correct. I've spoken to the head of the craft brewers' association, John Hay. I do know that it came into effect a couple of years after the organization was created. It was something that they had advocated for as an industry. It's something we've taken great interest in, in terms of creating a more permanent program, which gives our members more certainty as they look to invest in their businesses over the long term.

Ms. Catherine Fife: And that would level the playing field somewhat between craft brewers and VQAO?

Mr. Richard Linley: You can argue that; yes, absolutely. If you look at craft brewers now, as much as we applaud their success, they're also our competition now. Given the type of formats that craft beer is now sold in, you can find wine bottles that carry craft beer now and are served with meals. Our view is: Yes, they're our competition, but the idea behind this policy objective is to just have more permanent programming that'll give more certainty to individual businesses.

Ms. Catherine Fife: And the third-party warehousing: This is a regulatory change that you're looking for?

Mr. Richard Linley: That's right. Currently, in the province, Ontario wineries are allowed to have overflow warehouses where they can store product or inventory that they can ship to the LCBO. What they can't do from their warehouses is ship directly to licensees: hotels, bars and restaurants. We've asked for similar changes to be made for this upcoming budget, like they did for the craft brewers.

Ms. Catherine Fife: Okay. And you went through some of the benefits of that.

Mr. Richard Linley: Yes, exactly.

Ms. Catherine Fife: The farmers' markets: Ontario wines in farmers' markets have been well received, I think. What are your impressions? You're looking for an expansion of volume at farmers' markets, or—

Mr. Richard Linley: We're just saying that currently, with the farmers' market initiative, there are probably two limitations that have been hang-ups for the industry. One is the fact that you can't warehouse, meaning that you can't store product in downtown Toronto if you're bringing wine to the St. Lawrence Market. The government has listened to us on that issue and is taking it under consideration. We'd at least like to be able to store product close to market for the farmers' market initiative as opposed to having to return the product to the winery at the end of the day.

Ms. Catherine Fife: That makes sense, doesn't it?

Mr. Richard Linley: Yes.

Ms. Catherine Fife: It's interesting times. I don't think I've ever heard a Premier talk so much about beer or wine or marijuana in the history of the province. The recommendations that you've brought forward—certainly we will be looking for them in the upcoming budget as well. Thank you very much for being here.

Mr. Richard Linley: Yes. Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Linley. Before you go, you have until tomorrow afternoon at 5 p.m. if you would like to do a written submission to the committee, because I noticed there's no—

Mr. Richard Linley: Absolutely. I'll be pressing "send" in the morning. Thank you very much.

INSURANCE BUREAU OF CANADA

The Chair (Ms. Soo Wong): The next presenter coming before us is the Insurance Bureau of Canada. Just for the purposes of the committee, the Clerk informed me that there are three presenters: Ryan Stein, the director of policy; Barb Taylor, director of policy; and Kim Donaldson, vice-president, Ontario. Ms. Donaldson, welcome.

Ms. Kim Donaldson: Hi. It's nice to be here today.

The Chair (Ms. Soo Wong): The Clerk is coming around with your written submission; I just wanted to let 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. When you begin, can you please identify yourself for the purposes of Hansard?

Ms. Kim Donaldson: Sure. Good afternoon. My name is Kim Donaldson. I'm here on behalf of the Insurance Bureau of Canada. I know you are receiving your packages now, but I'm going to confine my remarks to three distinct topics. We're happy to answer questions on anything that is of interest to you. My colleagues here are major content experts and would be more than happy to be involved.

We're going to start with some remarks on the FSCO review. We'd like to comment on this and the invitation to participate in the review of the Financial Services Commission of Ontario—FSCO. Our industry is very supportive of the expert panel's preliminary position paper and the bold recommendations that are being proposed.

The panel recommends the creation of a modern financial services regulator with a flexible and transparent approach to regulation, which is in marked contrast to the system we have today—one that is more independent and nimble and able to respond to continuous advances in technology and changing consumer profiles.

We believe that if the government achieves the panel's vision, it would position Ontario as a leading-edge jurisdiction for financial services regulation in Canada and perhaps even the world.

Our SVP of strategic initiatives, David McGown, presented directly to Minister Sousa. I'm going to paraphrase, but he said that we have a world-class financial regulator in Ontario. He paused and then said that it's in Ottawa—as in, it's OSFI. I would like to echo that sentiment here today.

We believe that the government needs to commit to the initiative of the fiscal review, and we believe that it needs to commit in this particular budget. The final review was due at the beginning of January. The panel was given an extension until the end of January. We're here on February 1 and I haven't seen it yet, and we're really looking forward to the publication of this document in advance of implementation. But, most strongly, we urge the government to plant a firm position in the budget that bigger and better things are going to come. That's number one.

Secondly, we'd like to address rate regulation. If FSCO is bad, the particular subset of regulations—the regulatory process—is one of the most costly and onerous systems in the industrialized nations. Insurers cannot even lower premiums without regulatory approval, and this seems like madness. We ask that the government commit to a complete review of the rate regulation system. This longer-term review can be done in conjunction with the review of FSCO, or independently.

There are shorter-term reforms that can be done to improve rate regulation. Overall, the system needs to be designed to benefit consumers—and that's not the situation as it currently exists—and it needs to be designed to encourage competition and innovation so that insurers can deliver the best products and prices to their consumers.

Currently, the process can take months for insurers to prepare and months for FSCO to review. This is a considerable cost and resource for both parties, and by the time the insurer gets approval to bring a new rate to market, it may be out of date. I ask us only to think about the price of oil 18 months ago. So if that's the regulatory system to get a change to insurance, it does speak to market conditions.

The process takes even more time when companies want to introduce new technologies such as user-based insurance. The expert panel that reviewed FSCO's mandate noted that the rate regulation approach in Ontario has become obsolete, and continuing this approach with a new regulator would undermine the new regulator's effectiveness and strain its resources. We have submitted with our package a list of changes that we feel could be made well in advance of a new regulator and wouldn't tie their hands.

On the third point that we'd like to discuss today, we'd like to talk about climate change. I would just like to start with paraphrasing Premier Notley, who recognized the leadership of the government in Ontario on this particular file. It seems, I think, that everyone is conscious of the change in weather patterns globally; I don't think I have to convince anybody of that here today. Those changes bring a marked burden to the province and municipal governments.

Canada needs a functioning market for flood insurance. Some insurers have already started to offer that particular product. Nationally, if we think about this—and Ontario is part of this picture—weather events that used to happen every 40 years are now happening every six years in some regions. As a 25-year window, between 1983 and 2008, insured losses nationally from natural catastrophes averaged almost $390 million—that's a 25-year window at $390 million nationally. Since then, insured losses have tended to hover around $1 billion annually, and 2013 was a banner year—in a bad way—when it reached $3.6 billion, largely because of summer floods in the GTA and in southern Alberta, and the ice storm that hit eastern and Atlantic Canada. That brought us to $3.6 billion.

Help is needed. The municipalities need it and the province needs to figure out how it's going to deal with it. Weather events involving intense rainfall and wind have been particularly damaging in recent years.

I'm going to have to read this bit, specifically: With most weather projections showing weather getting even more severe, we believe that it's important for the 2016 budget that the government continue to invest in infrastructure and allocate sufficient resources to upgrade the sewer and stormwater systems so that it can withstand the pressure of all this extra water. Government should also support the creation of a national flood insurance program, and this is something that IBC is discussing and addressing with the federal government at the moment. We're looking for support provincially for that initiative. This is an area where insurers and government need to work together to provide Canadians, specifically Ontarians, with the insurance coverage they need.

I would say that concludes my formal remarks. I'm happy to entertain any questions.

1520

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Ms. Albanese to begin this round of questioning.

Mrs. Laura Albanese: Thank you for being here this afternoon and for your presentation.

I know you know everything about the government's auto insurance rate reduction strategy and how we've been trying to bring it down to 15%. We're now, I believe, at an average of—

Ms. Kim Donaldson: Yes, 7%-ish.

Mrs. Laura Albanese: —7%-something. What could we do as a government right now to continue to bring down those rates? You have illustrated some of the things that you would like to see, but maybe you could elaborate on that?

Ms. Barb Taylor: I would start by saying we totally agree it's about 7% right now. The government introduced a number of reforms last fall. Those reforms will come into place on June 1. Companies have filed in the fall. Those filings are still in the process of being worked on by FSCO, another example of why it takes a long time to actually process. I'm not trying to say that it's the people involved; it's just the process that they have to go through to get these reforms.

Those reforms will probably be done in the next few months, because the insurers will need to have them in place at least 60 days in advance of June 1. Again, I anticipate we'll be seeing those adjustments from the next set of reforms.

What else can the government do? They can continue to work with the industry. As Kim mentioned, there are things that can be done immediately on the rate regulation that don't require any changes to regulation or to legislation. Those things can help insurers. It will give them the incentive to file for even further reductions. Then there are other things that can be done, as well. We're certainly happy to work with the government on those.

Mrs. Laura Albanese: I was particularly interested in what you were saying in your presentation in regard to climate change and flood insurance, specifically because the area that I represent, the riding of York South–Weston, was an area that was hard-hit by flooding just a couple of years ago, and also back in the day, Hurricane Hazel was really felt and had the worst damage—

Ms. Kim Donaldson: Yes, it went right through.

Mrs. Laura Albanese: So it is still very susceptible to this type of damage. I see you want the support of the government in the creation of a national flood insurance program. You encourage us to continue to invest in infrastructure, which we are doing.

From a consumer point of view, what can one do to protect oneself at the moment? I know that some of my residents say they can't even get insured.

Mr. Ryan Stein: There are little things that consumers can do. The best suggestion is for them to call their insurance broker, their insurance company and just ask. There are certain things like installing some pumps and backwater valves that can help prevent water from coming up through the basement. There are other changes you can do to the landscape around the home that can make them less susceptible to flood.

Sometimes, the best way is to protect yourself from it. Insurance companies are coming out—there are a few on the market right now—with different types of water damage and flood coverage. That can be an option to help prevent against the loss, if that loss happens, to help give financial protection.

Mrs. Laura Albanese: On another topic, I know that the Insurance Bureau of Canada has been supportive of MPP Hudak's private member's bill on the sharing economy. As you know, the government has appointed a council of experts that is looking at the issue. I just wanted to have some input on the sharing economy from your perspective.

Mr. Ryan Stein: We focus most of our efforts on the transportation network companies, so the driving perspective. The standard auto insurance policy was just not meant to cover people using their personal vehicle to carry paying passengers, so there is an insurance gap.

We've put forward a legislative proposal; we've worked with our insurance companies on it. We think this is the best way to eliminate the gap. What it really does is it defines what's covered in the standard policy and what's not covered in the standard policy. It puts insurance requirements on these types of vehicles and has mechanisms in place to make sure that they buy insurance, but overall, we think it creates an environment for insurance companies to come out with insurance products that are tailored to the needs of these drivers and vehicle owners.

Ms. Kim Donaldson: We've already seen a couple of insurers stepping forward with new products for the ride-sharing type of venue.

Mrs. Laura Albanese: Okay. Thank you.

The Chair (Ms. Soo Wong): I'm going to stop you here. Thank you very much for your presentation and your written submission.

ONTARIO NURSES' ASSOCIATION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Nurses' Association: Beverly Mathers and Lawrence Walter. The Clerk is coming around with the written submission.

Good afternoon. Welcome. As you probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the official opposition party.

You may begin anytime. When you begin, can you please identify yourself for the purposes of Hansard?

Ms. Beverly Mathers: Thank you very much. Good afternoon. I'm Beverly Mathers. I'm a registered nurse and manager of negotiations at the Ontario Nurses' Association, or ONA, as I'll refer to us throughout the presentation.

With me today is Lawrence Walter, ONA's government relations officer. We also have some ONA RNs behind us.

ONA is Canada's largest nursing union, representing 60,000 registered nurses and allied health professionals, as well as more than 14,000 nursing student affiliates who provide quality patient care each and every day across the health care sector. ONA believes that a strong public health care system is essential for Ontario's economic well-being. Quality health care is also a precursor for a healthy Ontario. RNs provide a continuous presence at the patient's bedside, and those same RNs play a major role in healthy outcomes for patients.

That invaluable skill set of RNs has not been adequately recognized and utilized to achieve our common vision of quality patient care in Ontario. Instead, funding models are driving decisions to eliminate and erode RN positions. These decisions are based on balancing budgets, not at all based on the clinical needs of our patients. The government's calculation of risk fails to consider that every elimination of an RN position is the equivalent loss of 2,000 hours of annual RN care for our patients.

In Ontario, the ratio of RNs to the population is the second lowest in all of Canada. Ontario has only 714 RNs per 100,000 people compared to 836 RNs for 100,000 people in the rest of Canada. This difference creates a significant gap in RN care for Ontario patients. In fact, it means we need a funded plan of action to hire more than 16,500 registered nurses in Ontario just to keep up with the rest of the country.

This afternoon, I want to focus my remarks on the dire need in this budget to fund more RNs in our hospitals, community sector and in our long-term-care homes. Our hospitals are struggling to keep up with the cost inflation and population growth in the context of four consecutive years of frozen base operating funding. In response, hospitals are adopting short-sighted and risky measures, including the elimination of RN positions, not replacing RN positions when they become vacant and substituting RN positions with less-qualified staff.

There is extensive and compelling literature on the relationship between higher RN staffing levels in hospitals and improved patient outcomes. Conversely, decreasing RN staffing has a negative impact on patient health outcomes. This growing body of evidence clearly shows that patient care is most safely delivered when there are enough RN hours of care. Any costs associated with RN care must be balanced against the cost savings of preventing adverse patient events and complications. How is it that study after study demonstrates cost savings and improved health care outcomes with RN care, while Ontario continues to eliminate the very RN positions that benefit the health of Ontarians?

RN care in Ontario hospitals is being seriously eroded. In 2015, we lost 775 RN positions. Since January 1, 2012, more than 2,500 RN positions have been deleted, which means that nearly five million hours of RN care have been eliminated from our communities during this period of time, completely ignoring the evidence linking RN care to improved patient outcomes and cost savings to our health care system.

1530

Hospitals are reporting deficits and hospitals are citing the funding model as a reason. The funding gap to balance hospital budgets will continue to worsen in 2016-17 unless immediate steps are taken to restore base operating funding.

The Ontario Hospital Association is now speaking out after four years without a funding increase. Hospitals are at a critical turning point, stating it's time for the government to increase hospital funding in the upcoming budget.

ONA agrees. Already, this year alone, we have had in one month more than 300 positions to be eliminated announced in our hospitals. Two recent examples show that hospitals are making wrong decisions, based on the research evidence linking RN care to improved patient outcomes and cost savings.

For instance, Windsor Regional Hospital has announced a $200-million deficit and has responded with a significant elimination of 800 positions, being replaced by non-RN positions. In total, 169 RN positions will be eliminated.

In the Waterloo-Wellington region, Grand River Hospital in Kitchener has also announced a $10-million deficit and plans to eliminate at least 38 RN positions. Both hospitals cite a funding model that is insufficient to cover the costs of providing skilled RN care.

ONA challenges the government to no longer remain silent on the continuous deletion of RN positions.

More hospitals are announcing the elimination of RN positions each week: 28 positions eliminated at Northumberland Hills Hospital in Cobourg; 17 RN positions at Bluewater Health in Sarnia; eight positions at St. Thomas Elgin; today, announcements at Mount Sinai and the University Health Network.

Now is the time to restore hospital base operating funding. Along with increasing base funding for hospitals, ONA is calling for an immediate moratorium on further cuts to invaluable, cost-effective RN care.

Third, we are calling for funding and development of a multi-year RN human resource plan for implementation and tracking by local health integration networks, targeted to reduce the significant gap in RN-to-population ratios between Ontario and the rest of Canada. Additionally, we are asking that this nursing human resources plan be incorporated into the government's Patients First: Action Plan for Health Care in Ontario.

Fourth, we are calling for the government to move towards a fully integrated public home care system that integrates both the delivery of home care services as well as care coordination. This will eliminate the duplication of management contracts and will provide cost savings from the elimination of profit from our home care system.

Fifth, we are calling for the funding and enforcement of a staffing standard to meet the increased care requirements of our residents in long-term-care homes. ONA is calling on the government to implement a funded, regulated minimum staffing standard of an average of four worked hours of nursing and personal care per resident day, including 0.78 RN hours per resident per day, which will address the increasing resident acuity, resident-to-resident homicide and violence, and RN staffing recommendations for quality care that are contained in research literature.

Finally, ONA is calling on the government to fund a health care action plan for workplace violence prevention that mandates key standards in hospitals and LHINs, and LHINs and government accountability agreements.

These standards must be mandated to include RN safe staffing levels; appropriate security funding; use of best practices for training; accessible panic alarms linked to security; and electronic and visual alert systems for flagging potentially violent patients.

Nurses know that the evidence for RN care is compelling for improved patient outcomes and system costs overall. ONA and our nurses know that additional funding will be necessary to ensure quality patient care. The government must take action now and show leadership to fund the RN care that our patients need and deserve.

The government must break the silence. Our patients' health depends on it. Thank you.

The Chair (Ms. Soo Wong): Perfect timing. I'm going to turn to the opposition party. Mrs. Munro, you're going to begin this round of questioning?

Mrs. Julia Munro: Thank you very much. I appreciate the underlying theme of your message in terms of how critical the information is, and the things that you're dealing with. I think, as a general comment, I would simply say that it serves to give further meaning to the crisis that we recognize is in health care.

In the document that you provided, on page 9, the diagram there is "When RN Workloads Rise, Ontario Patients Suffer." In this, you talk about the increase in complications. You mentioned the return to the hospital because of those kinds of things. The next one is the 7% increase in mortality. Were there inquests? Do we have numbers? Is there any way to put that into a specific context?

Ms. Beverly Mathers: I do not believe there have been any recent coroners' inquests into deaths in hospital or in recent patient discharge. This study that we cite, by Linda Aiken, was actually a study that looked at some Canadian evidence and some Ontario evidence as well as worldwide. The determination showed that patient care suffered as RN workloads increased, and that in fact patient mortality increased by 7% for every one patient added to a nurse's workload over seven patients, on average.

Mrs. Julia Munro: Right.

Mr. Toby Barrett: Just further to that, then: How many caseloads are there in Ontario that are over by one extra patient or over by two? And then, by extension, how many dead are there in Ontario?

Ms. Beverly Mathers: I can't speak to the death rate because, to my knowledge, we don't have those statistics, and I would suggest to you the statistics that are out there are probably incomplete. But our nurses report to us daily that their workloads increase.

As you can see, these workloads are where there are significant RN layoffs. That means our nurses are experiencing more patients assigned to them on a daily basis. We hear our nurses tell us that on an in-patient surgical unit, they could have anywhere from eight to 10 patients assigned to them—more on the evening shift, when they're immediately in their post-operative period, and more assigned on the night shift.

Mrs. Julia Munro: Does the hospital have any flexibility in this in terms of when they make the decisions? I presume they make the decisions to reduce staff. Do they have any funding flexibility?

Ms. Beverly Mathers: The hospitals have the ability to make decisions around the skill mix they keep in hospital. I think the struggle with it is, yes, in fact, they do have flexibility. I think the challenge at the moment is that after the operating budgets have been fixed for as long as they have, the flexibility is being more and more limited as other factors around them rise, like the cost of hydro, replacement of equipment and those kinds of things. I think that the decision-making is becoming harder.

1540

Mrs. Julia Munro: I appreciate the comments. Is there anything else you wanted to add?

Mr. Toby Barrett: Maybe just further to flexibility: I understand that funding for hospitals has gone from a global budget approach to an activity-based approach. Does that mean less flexibility for a hospital administrator or a nursing supervisor?

Mr. Lawrence Walter: Yes. It depends on the actual funding, but when funding is part of procedure-based funding, then there is less flexibility because the funding is for specific procedures. Global funding generally leaves more flexibility than funding for a specific purpose like surgeries, hips and knees, that sort of procedure.

Mr. Toby Barrett: Where essentially there's no global funding—

Mr. Lawrence Walter: No, there is still about a 30% component of global funding.

Mr. Toby Barrett: Thirty per cent? Okay.

Of 60,000 members, how many members work in hospitals?

Ms. Beverly Mathers: About 50,000 work in the hospital sector.

Mr. Toby Barrett: Some 50,000 nurses?

Ms. Beverly Mathers: In that range: 40,000 to 50,000.

The Chair (Ms. Soo Wong): I'm going to stop here. Thank you for your time and your written submission. Thank you.

Ms. Beverly Mathers: Thank you.

ONTARIO HOSPITAL ASSOCIATION

The Chair (Ms. Soo Wong): The next group before the committee is the Ontario Hospital Association: Mr. Anthony Dale and Mr. Pierre Noel. I believe that the Clerk has a written submission for the committee.

Good afternoon, gentlemen. As you probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning, and this round of questioning will be coming from the third party. You may begin at any time. When you begin, can you please identify yourselves for the purpose of Hansard? Welcome.

Mr. Pierre Noel: Thank you very much. Good afternoon. My name is Pierre Noel and I'm the chair of the board of the Ontario Hospital Association and president and CEO of the Pembroke Regional Hospital. I'm joined today by Anthony Dale, president and CEO of the Ontario Hospital Association.

I'd like to thank you for this opportunity to present on behalf of the OHA. The association represents the province's 147 hospitals. The mission of the OHA is to create a high-performing health care system to better serve patients and clients.

As you know, health system restructuring is currently under way in Ontario and this will have significant impact on the delivery of health care in our province. In late December, the government released a white paper which included several proposals for better integrating the health care system. The aim of government is greater integration of services and improved responsiveness to local needs. Ontario hospitals will play a critical role during this restructuring and we look forward to providing constructive ideas which are always focused on patient and client need.

The government's move towards new models of care in Ontario has great potential for the province, but we know that structural change is not enough on its own. We also need to unlock the integration and quality improvements which are available via funding and payment systems. In the last year, the OHA has been working very closely with the Ministry of Health and Long-Term Care in an effort to take stock of where we are and where we need to go with health system funding reform, or as we call it, HSFR.

Strengthening HSFR is a core priority for the OHA. Since its inception, funding reform has spurred changes across Ontario hospitals. Significant increases in patient volumes and improvements in quality have been achieved. However, after four years, now is the natural time to step back and reflect on the progress to date.

Ontario hospitals appreciate and commend the senior staff in the ministry for their collaborative approach to reviewing HSFR. The OHA, the ministry and the LHINs have been working together since last summer and have established a joint work plan to strengthen and improve the design and implementation of this new funding methodology and, ultimately, working towards improving the sector's short- to medium-term funding and financial needs.

There is much long-term potential in a more collaborative approach to HSFR. But after four years without any funding increases for inflation, hospitals are now facing some very challenging budget decisions to contain costs and meet the ever-increasing service needs of patients. Despite strong progress in improving efficiency, Ontario hospitals are now facing very significant financial uncertainty.

Now I'd like to turn things over to Anthony Dale, president and CEO of the OHA, to elaborate further.

Mr. Anthony Dale: Thank you, Pierre, and thank you to the committee for having us here today.

As Pierre mentioned, Ontario hospitals are now into uncharted territory. Hospitals in Ontario are already highly efficient. Over the past four years, hospitals have shown tremendous leadership in making their operations even more cost-effective. Per capita funding for hospitals is the second-lowest in the country, generating some $4.5 billion in savings, allowing the government to spend on other important health care priorities. We're very proud of this accomplishment.

Occupancy in hospitals is also very high. Ontario has the fewest beds per capita in the country. Yet approximately 22 million visits were made to Ontario hospitals last year for surgery, access to emergency care and clinic-based services. Average length of stay is the lowest of all the provinces.

These and other metrics like them are things that we should be quite proud of. Hospitals have absorbed significant additional costs, particularly those that are compensation-related, while growing patient volumes each and every year.

Despite four years without an inflationary increase, wait times have held up reasonably well against expected benchmarks. So, naturally, health system leaders are now asking the question: In the face of deeper austerity, how much longer can hospitals sustain these results?

Ontario hospitals have been relentless in their efforts to further improve performance. Compensation costs account for approximately 70% of hospital budgets. Since 2012, compensation costs arising from collective agreements have grown by more than $350 million alone.

At the same time, hospitals have absorbed non-labour expenses, such as energy costs and implementation costs associated with new regulatory and reporting obligations. While these initiatives are valuable and important, they too add to the financial pressure.

This year, an increasing number of hospitals have needed to make difficult decisions to balance their budgets. The evidence suggests that the risks are even higher that a larger number of organizations will only be able to balance their budgets next year, in 2016-17, with significant workforce and service adjustments.

With time, as Pierre said, health system restructuring has the potential to improve access to primary care and home and community care. This could ease pressure on hospitals. However, as restructuring takes place over the next 24 months, there is also the risk of some instability as the transition takes place within the health care system. This could have an impact on our sector.

At the OHA, we know that increased funding is needed for home and community services. Building capacity in this sector is absolutely essential to meet patient and client needs into the future. In last year's budget, the government increased funding for home and community care and long-term care, and announced the provincial capacity plan. We welcome these investments and continue to work in partnership with government in these sectors moving forward.

At the same time, this year hospitals do recommend transitional funding for operating cost pressures for hospitals, so that access to services can be maintained. An inflationary funding increase for hospitals in the 2016 budget will help keep wait times low, maintain access to elective surgery and ensure that important health service programs are maintained. An investment in hospital operating costs will help to ensure stability within Ontario's health care system during this important restructuring period.

Thank you for your time. We look forward to answering any questions about our recommendations today.

The Chair (Ms. Soo Wong): I'm going to turn to Ms. Fife to begin this round of questioning.

Ms. Catherine Fife: Thank you very much for the presentation. I have to tell you that this is my third year of travelling around the province with this committee. The dominant theme has been hospital funding and, of course, potentially moving into the fifth year of a freeze. I hope that you will confirm that a freeze is actually a cut, because of inflationary pressures; that's why we've seen a reduction in front-line staff across the province.

1550

The health care funding reform: That's what I'd like to focus on. When we were in Windsor, the CEO of the Windsor Regional Hospital referenced the funding formula as it stands right now. Because population drives funding around those hospitals—he was very clear—he said that the model is not responsive to patient needs because, regardless of population, there are different needs across the province. Do you want to quickly comment on that?

Mr. Anthony Dale: The OHA continues to be very supportive of Health System Funding Reform because it does have considerable opportunity to help the system work even better, particularly in the area of quality improvement. With funding reform, there are three baskets of dollars available. There is global funding, which is the general pot; there is something called the HBAM pot, which is really a way of allocating based on a variety of factors, which does include population; and then quality-based procedures, where there's a rate-times-volume approach.

After three years of experience now with HSFR, we're delighted to say that we've entered into an even more constructive relationship with the ministry, and we're taking the opportunity to step back and evaluate HSFR. We have a lot of confidence in our ability to continue to make the technical changes and the refinements needed to make the formula quite responsive to patient and client need.

Ms. Catherine Fife: I'm delighted that you're delighted that you have a good relationship with the Ministry of Health, but I have to tell you, the people that we've heard from across this province are not delighted at all. In fact, they're quite concerned about the reduction in services that they're seeing in hospitals. I'm completely being cognizant of the fact that hospitals have been coping with these cuts for now going on four years.

The hydro bill that the Windsor Regional Hospital—you mentioned energy costs, because this factors in. They saw a $700,000 increase in their hydro bill from 2014 to 2015. That's one of the funding pressures that hospitals have been dealing with.

Mr. Anthony Dale: Yes, and I think that's what we're here to tell you: that the hospital sector has been resilient. If you look at the performance metrics across the board, we have maintained wait times at a reasonable and appropriate level. We have continued to see volume increases year over year, and the sector has been able to absorb it and do better with the resources it has. What we're saying now is that we probably are at a turning point where more difficult decisions are likely to be made.

Continuing to refine and correct the technical elements of funding reform does have great potential—it will help us make the system more responsive—but we do feel that an inflationary increase now will help ensure continued access and those levels of care into the future.

Ms. Catherine Fife: So you're obviously advocating to stop the freeze, but you'd like to see the model adapted to actually address patient needs in hospitals right now, and that's through the HBAM, is that right?

Mr. Anthony Dale: That's right.

Ms. Catherine Fife: Okay, good. We hope to see that as well.

The minister put out that white paper that you referenced. What we've heard around the province is that, of course, everything lands in hospitals. If you don't have a hospice or a palliative strategy and you don't have a long-term-care strategy—there's a two-year or three-year wait—and there's a 200-day wait for home care, based on the Auditor General—so everything lands on hospitals, right?

Mr. Anthony Dale: That's right.

Ms. Catherine Fife: So that crisis is now in our hospital system. The ministry is contemplating changing CCACs as a model, but if they transfer all of that bureaucracy and administration and profit—because one dollar out of every 10 goes to profit in health care in the province of Ontario, which is shameful—and they just transfer it over to the LHINs, would you regard that as wholesale reform?

Mr. Pierre Noel: Well, I think the white—

Ms. Catherine Fife: That's rhetorical; the answer is no.

Mr. Pierre Noel: Thanks for the answer.

The Chair (Ms. Soo Wong): Ms. Fife, let the witness answer.

Ms. Catherine Fife: I know, I know.

Mr. Pierre Noel: The white paper has some very important elements within it. That's one element. Structural changes to home and community care, the better engagement of primary care, and increased investments in home and community care all have great promise for the system. We as a hospital system have been advocating for years that that's where investments need to go—further upstream—because, as you rightly say, when things don't work in the system, the hospital is the place of last resort. We do believe that those investments are important and that we need to change the system to deliver more care outside of hospitals.

What our concern at this juncture is, though: As much as that reform is needed, we cannot have a destabilized system while we are reforming. That's why the call for increased inflationary funds for hospitals during the transitional period is so important.

Ms. Catherine Fife: At the very least.

Mr. Anthony Dale: At the very least, yes.

Ms. Catherine Fife: Because the CEO of Windsor Regional said he can't cut any more without seriously hurting people who are being served by that hospital.

Mr. Anthony Dale: What we have to keep a very close eye on is the health system's overall capacity. The hospital sector has very high occupancy levels. The hospital sector also has about 14% of its patients defined as alternate-level-of-care: They've finished their time in hospital and they're ready for discharge to another, more clinically appropriate, setting, but for a variety of reasons, including capacity, we can't transition them out. As we work to implement and put health system restructuring into effect, we've got to make very, very sure that the system has that stability over that short-term period, because the capacity is so tight.

The Chair (Ms. Soo Wong): Okay, gentlemen. I'm going to stop here. Mr. Noel, before you leave, I just want to, for the purposes of Hansard and the committee—your position is the board chair for the Ontario Hospital Association, because there's lumping in with you as the CEO of the Pembroke hospital. They're two separate, right?

Mr. Pierre Noel: That's right.

The Chair (Ms. Soo Wong): You're the board chair of the Ontario Hospital Association and the CEO—because it's lumped together. I said to the Clerk, "You cannot be the chair and the CEO of a hospital." That's a little conflict of interest.

Mr. Pierre Noel: I'm like Superman. I do both.

The Chair (Ms. Soo Wong): Okay; two different positions. So just for the purpose of the committee, Mr. Noel is the board chair of the OHA and the CEO of Pembroke hospital. Thank you for that clarification. Thank you for your presentation and your written submission.

Mr. Pierre Noel: Thank you for your time.

ONTARIO ASSOCIATION OF CARDIOLOGISTS

The Chair (Ms. Soo Wong): The next group before us is the Ontario Association of Cardiologists. I believe it's Mr. Swan, president—Dr. Swan? Good afternoon, sir. I think we saw you last year, if my recollection is correct.

Good afternoon, Dr. Swan. Welcome. 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. When you begin, please identify yourself for the purpose of Hansard.

Dr. James Swan: First of all, thank you on behalf of the Ontario Association of Cardiologists for the privilege of coming today and explaining what's happening in cardiology. As you sit around the table today, you know that the number one killer in Ontario is actually heart disease. Congestive heart failure is the most expensive disease that we treat. The majority of these patients often end up in the emergency department. When they go to the emergency department, the cost rises. We want to try to keep these patients out of the emergency department.

Cardiologists are doctors who treat cardiac disease, and they're experts in the treatment of cardiac disease. We deliver thousands of services throughout this province, each day, whatever time it is, 24/7/365. Yet, within the last year, the Liberal government has made, on three occasions, cuts to the fees that are paid to cardiologists. This fee cut not only applies to other physicians, but disproportionately is affecting cardiologists. As you know, there's a 4.45% cut on the global billing cap to all Ontario physicians. But what this government has done is, it has cut the payment for services that cardiologists provide to the heart failure patient—the E078 code; some of you may be familiar. When you look at some of the additional cuts to non-invasive cardiac testing, it totals 25% when you add the 20% to the 4.65%. We feel that this is very unfair.

This is poor health care policy and poor fiscal policy. It's poor health care policy because the cuts have forced cardiologists to scale back the outpatient services they provide, thereby reducing patient access to community-based cardiac care. These cuts have fundamentally undermined Ontario's outpatient cardiac infrastructure, and, as we speak, it's headed for the brink unless something happens. This infrastructure is something that cardiologists partnered with government on—outpatient infrastructure, I'm talking about now—over the last 20 years so that patient care could be delivered much closer to home.

It's poor fiscal policy. As these community-based cardiac services recede, cardiac patients must now go to the hospital for care, which is more expensive to deliver in the end.

We can't battle Ontario's number one killer with continued, unilateral, systematic government cuts to cardiology physician services. With this in mind, the Ontario Association of Cardiologists urges the Ontario government to use the 2016 Ontario budget to aggressively fight Ontario's number one killer by restoring funding to Ontario's crucial cardiac outpatient care infrastructure and working with our organization to ensure that patient access to cardiac care, in these uncertain economic times, is protected and not jeopardized in the future.

1600

You might wonder who the OAC is. The OAC is a voluntary professional organization of the cardiologists in Ontario. We represent the majority of cardiologists, whether you work in the academic or community environment. Our goal is to protect the current high standard of cardiac care that we deliver in Ontario, to protect the patient, but also to make sure that the cardiologist who is delivering these services is fairly remunerated for the services.

You might ask why the Ontario Medical Association is not here arguing for the patient. If you look inside the structure of the Ontario Medical Association, you will find that the financial resources and the infrastructure are not there to protect the cardiac patient. That's why we exist outside the Ontario Medical Association.

The Ontario government has promised to balance the budget by 2017-18. According to the most recent plan, the government will run a deficit of $7.5 billion in 2015-16 and $4.5 billion in the following year. We at the OAC agree that the government must live within its means. We support a return to balance as soon as possible.

What we don't support, however, is the elimination of the government's deficit on the backs of cardiac patients, many of whom are sick and vulnerable, and also on the backs of hard-working cardiologists in Ontario.

Just to highlight the cuts: The cuts for the elimination of E078 mean that the complex heart failure patient—and many of you in the room need to understand what a complex heart failure patient is. These are people who require expert care in the community to keep them out of the hospital.

You cut that code for the doctor to look after the cost, so these people are headed back to the emergency department; more dollars are spent unnecessarily.

You cut the fees for the delivery of non-invasive cardiac services, nuclear cardiology and echocardiography so we can make the diagnosis and manage the patient: 20%. Add the 4.65%, 25%. That infrastructure that we worked with you to develop over 20 years is decaying.

The across-the-board cuts to physician services: We as physicians, as a whole, feel it's unfair.

If you look at your cuts to date and where you're headed with your budget, our estimates are you're going to have to come back and cut more services. We think, as cardiologists, you're going to single us out again disproportionately to other physicians.

Minister Hoskins has called the government cuts to physician services a "modest reduction." I challenge you, Minister Hoskins, to say 25% is a modest reduction. If I cut your salary by 25%, I don't think you would agree.

The minister claims that the government is not actually reducing physician services, but increasing them by 1.25%. Remember that each year, the population of Prince Edward Island moves to Ontario. We're asked to look after those people without any increase in funding. So you can see when you do the math that the minister, I think, has it wrong.

Cardiologists add tremendous value in this province. We save people's lives every day, 24/7. When you meet us in the emergency department, within minutes sometimes we're in the process of saving your lives. Otherwise, you meet us in other places and we improve the quality of life for our cardiac patients.

Cardiologists, whether you work in the community or in the academic environment, are small business people and we have to pay our overhead. When government talks about income, you talk about gross amounts; you don't talk about overheads. Our overheads are between 35% and 40%.

Just to highlight for you, in the last seven years, for a regular staff person working in our clinic or in our office environment, their salaries have doubled. We've had to eat that amount. We have to pay for the computers, the medical supplies, the medical equipment, our office insurance, our rent and our service contracts, in addition to continuing medical education. So when you think of doctors' income and cardiologists' income, it's not the top number; you have to look at the bottom number and then you have a realistic idea. Unlike independent businessmen in the community, we can't change our fees; the legislation does not allow us. So we're fixed in this particular situation.

Cardiologists, as I said to you before, add tremendous value throughout this province. Many of you have had a friend or maybe a relative who has appeared in the emergency department with an acute infarct, and within minutes we have you in the lab, we have an artery open, and we save your life. Sometimes people come to us and we actually think they're dead; we take them into the lab, we open up an artery, and, amazingly, the heart starts to beat and they start talking to you. This is the kind of work we do every day.

We also take complex patients who can't walk 10 or 15 feet, and with new procedures—we give them special pacemakers, and we have many of them get back to almost normal lifestyles. We are a very hard-working group and we're committed to our patients, but we can't continue to suffer these cuts any longer or we won't be able to deliver the services in the community.

Again, just to highlight for you what we'd like: There are two priorities. Number one is to get rid of the cuts that you've given us in the last year to cardiology services, the cuts to the congestive heart failure patient and the cuts to the non-invasive testing. You need to restore that funding for the E078. We did a study and we went and tried to work with government. We brought to you a solution. Do you know that if you keep a simple heart failure patient out of hospital you save $12,000, and if it's a complex case it's a minimum of $42,000?

The Chair (Ms. Soo Wong): Dr. Swan, can you wrap up?

Dr. James Swan: Yes, I can.

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

Dr. James Swan: In conclusion, what we're asking for is the government to care about cardiac patients and to take action as I've outlined. Thank you.

The Chair (Ms. Soo Wong): I'm going to turn to Mr. Milczyn to begin this round of questioning.

Mr. Peter Z. Milczyn: Thank you, Dr. Swan, for coming this afternoon and taking time out of your practice and your personal life. We do certainly appreciate the hard work you do for all of us and our families every day.

I wanted to ask you a few questions around the use of new technologies in practice. I've seen some figures over time about the increase in costs that relate to new medicines and new technologies; and that obviously has an upward pressure on our budget. I've been told that in the realm of cardiac care, there's been an increased use of things like cardiac MRIs and other technologies. It's not to say that we don't want progress and we don't want the best that we can for patients, but has there been an assessment of patient outcomes versus increased reliance on new technologies and costs to see whether we are being as effective as we can with scarce resources?

Dr. James Swan: I think in Ontario we haven't done this study, but it's been done elsewhere in the world. To give you a very simple example, you could take a person with a hypertrophic cardiomyopathy, and Toronto is—

Mr. Peter Z. Milczyn: Could you just explain what that is?

Dr. James Swan: Well, I'm just going to explain it to you. A hypertrophic cardiomyopathy is someone who is born with a congenital abnormality of the muscle of the left ventricle. Toronto is a world leader in this particular area. What we've been able to do with MRI is we've been able to better risk-stratify those patients so that we can determine what their outcomes are going to be, and also then tag the appropriate mechanical devices that those people may need as they go forward. It allows us to make new diagnoses and better understand how to manage that patient.

One of the things that we have in Ontario—and your government supports it—is a program called Choosing Wisely. What Choosing Wisely says is that you should do the right test, at the right time, on the right patient, using the right equipment and for the right reasons. I think that's how cardiologists work each day. It doesn't matter which technology we use; whether it's non-invasive or whether it's invasive, we try to do the right thing each day.

One of the things that you have to do—and you're quite correct: How do we marry these technologies forward? We have guidelines, and we practise evidence-based medicine, and each of the doctors in cardiology that I know, that's how we practise. If the evidence says that you need this, then we're going to get it for you.

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The wait time for some of these tests is very long. Sometimes what happens with the wait time—sometimes not-so-good things happen while the wait time is there. But then, when we get the test, often we can change dramatically how that patient is managed in the future. These new technologies have helped us tremendously.

Mr. Peter Z. Milczyn: I understand that in your particular specialty, there's something called technical fees that you're paid, and most other specialties don't have them. Could you explain that?

Dr. James Swan: The technical fee is the fee that the doctor or the lab running the test receives, to operate that particular service. It covers the cost of the equipment. It covers the service contract. It covers the technicians involved who are generating the report. All of those things, it covers. That's what the technical fee covers.

If you go back and look at technical fees, there hasn't been any increase in technical fees in over 20 years. So when you look at people trying to provide these services, whether it's in a hospital or outside—remember, the hospitals need the outpatient services, to help support providing the non-invasive testing. In the community, the community cardiologist's office needs the support of those technical fees to go forward, as well, and keep those services present.

The infrastructure that we have for testing in Ontario is something we've built up over the last 20 years. One of the things I'd ask you to pay attention to is a new document called the Standards for Provision of Echocardiography in Ontario. As of the 1st of April of this year, all the echo labs, whether they lie in the hospital or outside the hospital, will fall under those guidelines. Those guidelines are a more stringent access to the testing. We as cardiologists think that that's a good thing, and that's something we worked together with your government on, in a positive way.

For nuclear cardiology, there are standards in place. In the other non-invasive testing, where there aren't standards, we will work to put the standards in place.

The thing I want to impress most on you today is that for the heart failure patient, that very vulnerable heart failure patient, the complex patient, your government is ignoring the care. We have data. You want data; we can provide you with data. Since you cut the E078, those patients are showing up in the emergency department more often.

The Chair (Ms. Soo Wong): Dr. Swan, thank you for your presentation, and thank you for your written submission.

ONTARIO LONG TERM CARE ASSOCIATION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Long Term Care Association. I think the Clerk has your written submission to give to the committee.

Welcome. Good afternoon. You have two people here. We only have one name: Ms. Chartier. Can you please introduce yourselves for the purposes of Hansard when you begin? You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party. You may begin any time. Welcome, again.

Ms. Candace Chartier: Thank you. Hello. My name is Candace Chartier, and I'm the CEO for the Ontario Long Term Care Association. Also here with me today is our association's board chair, John Scotland. We want to thank you very much for taking the time and having us here to present our recommendations for the 2016 Ontario budget.

It wasn't long ago that the daily news was full of stories around hospital hallways being cluttered with people; people waiting too long to get their hips replaced; or about the chronic shortage of family doctors making it nearly impossible for families to get care. However, as a result of new government investments, a genuine willingness by providers and administrators to think creatively, and, most importantly, by making decisions with patients at top of mind, change happened.

These examples are proof that if we pinpoint the problem and collaborate to implement a solution, we can provide better care. This is what I want to talk to you about here today.

Ontario's health care system and, in particular, long-term care, are facing rapid transformation. Bottom line: The seniors we're caring for today are not the same seniors we were caring for even three years ago and more than 10 years ago. Despite this challenge, Ontario's long-term-care homes continue to provide care.

To give you a real sense of what they have been up against, between 2010 and 2014, the cost of providing care in our homes rose by almost 14%. Unfortunately, the funding from government to support this care just hasn't kept pace. In fact, the gap is $55 million. This funding shortfall really can't continue. It has to change if we're going to keep up.

We have four recommendations outlined in our written submission in front of you, and today I would just like to walk you quickly through each of them.

Too often, I think we dehumanize the real-life experiences we see every day on the floor by talking about patients in terms of numbers and percentages. I want to shift the focus back to the examples of our residents' experiences that you see in front of you.

Let's talk about Robert. Robert is 74 years old. He suffers from bipolar disorder and early-onset dementia. These mental health conditions are serious and they make him extremely aggressive, even violent at times, putting the staff and the long-term-care residents who are in his room at risk. In his long-term-care home, Robert is living in a four-bed ward with a single bathroom, and the nursing station is so close that he's woken up several times a night. We can't blame Robert for the conditions that make him confused and angry, but it's also not fair to put the other residents and staff at risk. So what can we do?

By creating an environment that more closely resembles what it looked like when Robert lived at home, we can reduce Robert's triggers and aggression.

Updating long-term-care homes to modern design standards would eliminate the four-bed wards. Even incorporating privacy walls or a bathroom that's located in the middle of the room, as seen in the shared accommodations in updated homes, would really help residents like Robert who need that privacy. Modern designs for homes also put nursing stations and high-traffic areas away from residents' rooms, reducing the amount of noise heard by them. We can all relate to the difference a good night's sleep makes on our mood. Imagine the difference for someone with multiple diagnoses, like dementia and bipolar disorder.

Today in Ontario, there are 30,000 seniors living in 309 homes that were built to design standards dating back to 1973. These homes need to be renovated or rebuilt. Last year, the government did announce new funding to start to rebuild these homes—a really important step in the right direction and long overdue. But the program doesn't go far enough to address the myriad challenges that the homes are facing. We need the program enhanced so that more homes can start the long process of rebuilding. We understand that there's no way they can all be done at once, but the seniors like Robert living in these outdated beds need us to do better. With the right investments, policy changes and collaboration, we can provide better seniors' care.

I now want to talk about Mary. At 88, Mary arrived at the long-term-care home needing 24/7 care following a renal failure diagnosis, which also caused her dementia to take a turn for the worse due to her unfamiliar routine involving more appointments with new nurses and new doctors. With the help of her niece, Mary found a home that implemented a new program that provides additional supports for residents with dementia, called Behavioural Supports Ontario, or a BSO team. The home is also one of just a few that offer peritoneal dialysis as a part of a limited pilot program.

The BSO team worked quickly to develop a plan to reduce Mary's aggressive behaviours and reduce the medications she was required to take. By spending extra time with her, the team also noticed that one of the PSWs reminded her of her niece, so they arranged to have that PSW care for her as much as humanly possible for her bathing and toileting. To keep Mary comfortable and feeling at home, they also arranged to get her dialysis treatment done in her room.

Thanks to the work of the BSO team, after just four months, Mary's aggressive behaviours were virtually eliminated. The medical director was also able to take Mary off her psychotropic medication entirely, and her niece noted that Mary is her old self again, smiling and laughing. Without the BSO team and the in-house dialysis unit, she would likely be sitting in a hospital, as you have heard today, or be transferred regularly to seek more costly treatment.

The reality is that there are thousands of Marys across Ontario without access to this specialized care or the additional support from a BSO team. Some 62% of residents living in long-term care suffer from Alzheimer's or some form of dementia. Almost half of Ontario's long-term-care homes also reported serious behavioural incidents, often having to call police. We know that by having that in-home BSO team, we can manage and sometimes even eliminate these problems, yet only a third of the homes have access to the special funding.

Evidence does show that a small investment in a BSO team improves safety for everyone in the home, and we're talking a 0.5% investment for three years in a government program that we already know is a success. It reduces the need for medications and, most importantly, improves the quality of life for our residents.

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Now let's talk about Martha. Martha is 92. She has been married to her husband, Frank, for 59 years. They have three children and five grandchildren and have lived in a small Ontario town for their entire lives.

Martha suffers from COPD, diabetes and heart disease. Since she contracted pneumonia, she now needs 24-hour nursing care for her lung treatment regime. The best option for Martha would be in a long-term-care home in her local community, so she can stay close to her family, but the small home in her town doesn't have the funding to provide her with the equipment and services she needs.

As a result, Martha can't be discharged from the hospital and has been categorized as an ALC patient. She'll either end up in a long-term-care home outside of her hometown or she will stay in that hospital indefinitely.

If additional funding was provided to the home in her community, she could be close to her husband, her kids and her grandkids, and it just makes sense for everyone. It might surprise you to learn that it even makes sense for our collective pocketbooks. If Martha stays in the hospital, it costs the health care system about $580 a day, not to mention taking up a bed that could be better utilized by someone who really needs to be in the hospital. In a long-term-care home, it costs the system less than half of that: $190 a day.

There are almost 70 long-term-care homes in small or rural communities with populations of less than 10,000. These homes are often the community's centre, a major employer, and will eventually provide care for that community's seniors. They're also important partners to regional hospitals when it comes to addressing the ALC residents.

These smaller homes are trying to manage the same growing demands of current and future residents, except they don't have the same administrative and care resources that larger homes do. Specialized funding for nursing and personal care support, infrastructure and administration would allow these homes to take on more ALC patients, freeing up hospital beds for those who need them most. By working together, we can provide residents like Martha, who want to stay close to their families, with the right care, while also saving the system millions of dollars.

Lastly, I want to talk about Rahim. Rahim became a PSW after volunteering at his grandmother's long-term-care home during high school. He has seen first-hand how residents arriving in long-term care have become sicker, frailer and in need of more hands-on care than when he started even five years ago.

Rahim is passionate about his job and, with the help of his employer, has been taking extra courses to improve his training, so that he is better able to care for the residents he cares for. Yet despite all his training and extensive experience, Rahim is still unable to administer drugs to residents. This just isn't efficient. He's also spending more and more time filling out forms in order to meet the ministry's regulatory requirements, again taking him away from the residents. This, too, is not efficient.

Rahim is constantly rushing from one incident to another, apologizing to residents and their families who are waiting for help, or because he has to leave a job with only half that job done.

The Chair (Ms. Soo Wong): Can you please wrap up? Thank you.

Ms. Candace Chartier: Yes. Basically, what I'd like to say is that, as a comparison, Ontario's long-term-care homes have lower levels of staffing than jurisdictions across Canada and internationally.

Like many others, my parents are reaching an age where they're relying more on the health care system. I think that by improving our home care in Ontario—these investments are critical so that people can stay at home as long as possible. But let's be clear: The people coming into long-term care—

The Chair (Ms. Soo Wong): Okay. When I say "wrap up," it means wrap up. I'm going to turn to Mr. Barrett.

Mr. Barrett, you may begin this round of questioning. Thank you.

Mr. Toby Barrett: Thank you, Chair. Thank you, Ontario Long Term Care Association. In priority 1, you talk about—I guess there's something like 30,000 beds that are at the 1973 standard. I know that a number of years ago, 20,000 new long-term-care beds were constructed, but has plan B started yet? I know that it has been maybe 13 years or so, since the last big funding announcement.

Ms. Candace Chartier: The recent announcement that was announced last fall—23 applications did come into the ministry, and six have been approved, out of the 309 homes that have to be redeveloped.

Mr. Toby Barrett: It's 309 homes? Many of those are privately owned or are very small facilities?

Ms. Candace Chartier: Our association represents all homes. It's a mix of municipal, for-profit, charitable and not-for-profits.

Mr. Toby Barrett: You mentioned the lengthy, daunting licensing process. So there's difficulty trying to assemble additional beds to build perhaps a larger facility? Is that what you're referring to here?

Ms. Candace Chartier: That's one of our challenges. The government has said, "No new beds in the system," so that makes it very, very difficult for smaller homes, which represent about 40% of the homes across Ontario. You can't possibly rebuild a small home—and we categorize that as 96 beds or less—in the current program.

Mr. Toby Barrett: Yes. Priority 3: You mentioned, with the smaller facilities' or rural facilities' limited administrative resources—what is being done to accommodate them? I see that with small hospitals a couple will share a board of governors or will share an administrator. Do we see that with the smaller homes?

Ms. Candace Chartier: No. John can jump in here—but the smaller homes: We've done our analysis. About 30% of the administrator/director of care, which is usually a joint role in the small homes, is taken up by administrative burden with all of the different administrative policies that they have to meet with all the different stakeholders.

Mr. Toby Barrett: Yes. Priority 4: You mentioned the problem with restrictions in legislation, where, for example, a registered nurse is not able to delegate certain duties and other staff are not able to delegate to—I'm not sure what the term was—an assistant-type level. So that requires a change in the law?

Ms. Candace Chartier: Years ago, they put in a 24/7 RN requirement, which has impacted especially the small homes. You don't have the same resident population in all the homes across the province. So just doing a sweeping finding like that doesn't make sense.

What we're saying is, allow the RNs, the RPNs and PSWs to all work to their full scope of practice. RPNAO did a recent survey that shows that RNs and RPNs in long-term care are doing the exact same work. So what we're saying is, ease up that legislation because your RPNs today can do the majority of skill set that the RNs are doing. PSWs in the community give medications; PSWs in retirement homes give medications.

I used to teach family members to give medications and injections in case I couldn't get out when I worked in the community.

What we're saying is, in such a heavily legislated environment like long-term care, where you have all of these regulations you have to meet on a daily basis, why not let people work to their full scope, because you have such a strong, multi-disciplinary care team?

Mr. Toby Barrett: So it seems that the problem isn't coming from various governing colleges or bodies; it's coming from either Ontario government legislation, regulation or both.

Ms. Candace Chartier: The legislation doesn't meet the requirements of HPRAC, the health professional regulatory—they don't line up. If we went with HPRAC, we would have more flexibility.

Mr. John Scotland: But to be clear, it's just a change in long-term-care home regs that need to be made.

Mr. Toby Barrett: I'm sorry?

Mr. John Scotland: It's just a change to the regulations for Ontario long-term-care homes that would enable that.

Ms. Candace Chartier: You don't have to open up the whole act.

Mr. John Scotland: You don't, and you don't have to look at the college; it's already permitted within their scope.

Mr. Toby Barrett: What was that last phrase? HTRAC? HPRAC?

Ms. Candace Chartier: The Health Professions Regulatory Advisory Council.

Mr. Toby Barrett: Something like that, yes. All right, then. Thank you.

The Chair (Ms. Soo Wong): All right. Thank you very much for your presentation as well as your written submission.

Ms. Candace Chartier: Thank you.

UNIFOR

The Chair (Ms. Soo Wong): The next group before us is Unifor. I think the Clerk has some written submissions.

Welcome, Ms. Fortier. I believe you have your colleague here. As you've probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official third party. You may begin any time. When you begin, can you please identify yourself as well as your colleague for the purpose of Hansard?

Ms. Katha Fortier: Good afternoon. My name is Katha Fortier. I'm the Ontario regional director for Unifor. With me today is one of our researchers, Mike Yam.

Unifor of course welcomes the opportunity to share our views with the committee today regarding the proposed Ontario budget. We thank you very much for the invitation to appear.

Unifor is Canada's largest union, working primarily in the private sector of the economy, but about one in six Unifor members works in the public sector. We represent 310,000 members working in at least 20 different definable industries, but over half of our members live and work in Ontario, making Unifor one of this province's largest and most important trade unions. Our presentation will be abbreviated from our written submission that you're receiving so that we'll have time to answer your questions.

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This budget is tabled at an important but hopeful moment in Ontario's economic history. We have a new federal government that is committed to changing the way things are done in Ottawa, including how they work with the provinces. After many difficult years of economic times, including a sustained contraction in our manufacturing base and the shift towards more precarious, part-time and insecure work, there's an opportunity to move the province's economy towards a more expansive and positive phase. The province is in a better position to make this economic transformation in the wake of the strengthening US economy and the lower Canadian dollar. That being said, however, the economic recovery in Ontario is still inconsistent and fragile, so it's critical that the provincial government play a significant and constructive role in strengthening that expansion.

First, this requires a focus in the budget to restore and enhance much-needed public services and programs that reduce poverty and support healthy communities. We've seen hospitals struggling to keep up with patient needs because of almost a decade of funding cuts. Ontario hospitals have the lowest per capita funding in all of Canada, and this has resulted in service cuts and the loss of good jobs. That means, of course, that patient care ultimately has suffered. The cuts to hospitals are part of a larger picture where our public services continue to deteriorate from persistent underfunding. Ontario needs investment in public programs to ensure that everyone has equal access to public, high-quality education, health care, child care and social services. Investment in public programs not only improves the lives of Ontarians directly through the services that they rely on but creates good jobs and ensures that more Ontarians can fully participate in the economy.

The government's initiatives on gender equity and labour law reform are a good step towards addressing inequality in our society. However, it's important to acknowledge that the cuts to public services disproportionately impact certain groups. I dare say that Anthony Dale, earlier, who presented from the Ontario Hospital Association—he called them workforce cuts, but essentially those are people losing their jobs, and mostly women losing their jobs, because that's who works in our hospitals.

The government also needs to look at ways to encourage private sector growth in investment in the province. In the manufacturing sector, the current economic conditions present opportunities for growth. Strategic investment by this government in Ontario's advanced manufacturing sector, including auto, aerospace and petrochemical, can help create jobs and take advantage of all of the skills that Ontarians possess. Unifor is calling on this government to be bold: focus on strengthening services, creating jobs in the public and private sector, and growing the economy through enhanced government investment.

Ontario has rightfully acknowledged the importance of expanding and renewing public infrastructure, as reflected in the last Ontario budget. Unifor supports the government's plan to address gaps in transportation, health care and education infrastructure. While we all agree that new investment is important, new infrastructure should also be developed without jeopardizing the long-term financial health of the province. Unifor believes, like most Ontarians, that the decision to sell 60% of Hydro One is a mistake. Ontario's own Financial Accountability Officer estimated that the province will eventually lose $500 million in revenue each year as a result of this sale. For the average Ontarian, the sale of Hydro One will lead to increased costs and less regulation over the system. In the long term, the loss of millions of dollars in revenue annually will have a detrimental effect on public services and on infrastructure.

In the same vein, the government should rethink its strategy to sell off other public assets, including prime real estate assets. In general, we should be taking a long-term and fiscally responsible approach for financing infrastructure. Unifor is calling on the government to reverse the sale of Hydro One and cancel plans to sell off public real estate assets in order to pay for infrastructure. There are better and less harmful options to fund infrastructure investments than to rely on short-term revenue from asset sales. The short-term gain simply is not worth long-term pain.

With the obvious need for enhanced investment in public programs and infrastructure, we hope the dialogue shifts towards adopting new revenue measures to restore fiscal balance in the province. Among the options for new revenue measures is a general corporate tax rate. Recent studies have shown that cuts to the corporate tax rate don't correlate with greater business investment. During the recession, companies in Canada hoarded their cash, and economists agree that these companies were not doing enough to create jobs and encourage growth through investment. Since Ontario's corporate tax rate was reduced from 14% to its current 11.5%, we're now among the lowest in Canada. The result is that the province continues to lose over $2 billion in revenue annually while not stimulating the private sector investment that is needed to grow our economy.

Provincial revenue can also be generated by targeting capital gains, such as income in the form of stocks and dividends. These gains are taxed at only half the rate of personal income, and, of course, most capital gains savings are realized by very wealthy individuals.

Unifor is calling on the government to bring fairness to the tax system by considering the options we've outlined. These changes wouldn't impact low- or middle-income Ontarians, but would help the province's revenue gap and enable further investment in services and infrastructure.

On the issue of retirement security, Unifor has been encouraged by the direction the government has taken. Ontario's call for the federal government to enhance the CPP falls in line with the new federal government's commitment. We encourage the government to prioritize working with the federal government and other provinces to expand the CPP.

However, it's clear that the province is going to move ahead with the ORPP in 2017, regardless of the government's timelines. If introduced, the ORPP should feature elements that mirror the CPP, which has excellent features and has gained the widespread support and confidence of Canadians. The CPP is a model that works.

The other benefit of modelling a plan on the CPP is that it could easily be rolled into the CPP should the federal government make those enhancements.

Again, I would like to thank you for your interest in our views and I would welcome any questions or comments.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Ms. Fife to begin this round of questioning.

Ms. Catherine Fife: Thanks very much, Katha, for coming in today, and thanks for raising the issue around fair taxation. Across the province, consistently, there's an acknowledgment by various groups of all stripes that the government has a revenue problem. I mean, they have some waste issues and there's obviously an economic cost to not actually being strategic about where investment happens, but the taxation piece is really key.

You mentioned the possibility of increasing the corporate tax rate. Obviously, the low tax rate—Ontario has a lower combined corporate tax rate than the state of Alabama. So there is obviously room for a modest increase, and you correctly cite that.

Because health care has been the predominant theme as we've moved around the province, I want to talk a little bit about the privatization of health care and get your feedback on where those health care dollars are going. The Auditor General found that almost 39% in CCACs was going to administration, bureaucracy and profit. Do you want to talk about the outsourcing of those jobs and those services?

Ms. Katha Fortier: Well, first of all, I think that when the service is delivered by a hospital, it falls under the auspices of the Canada Health Act. Most of the hospitals are unionized and the people who work there—mostly women, probably over 80%—have pretty good jobs. They have a living wage. They make benefits. They have a pension plan that they can retire on. It's a good, stable workforce, particularly for women in the province.

What we see as services are privatized and they move out to the community is that the reality is that the people who are working those jobs are just going to make less and less. Somebody is making a profit, and I'm not quite sure—I know the Ontario Health Coalition has done a lot of studies.

I lived in Windsor a few years ago and they opened a colonoscopy clinic that was owned—I believe it was some form of not-for-profit—doing a lot of the colonoscopies that were previously done in the hospital. I took a friend there. While I was waiting to pick him up, I asked the people who worked there, the nurse and the support staff that were responsible for cleaning the equipment and sterilization—of course, with colonoscopy equipment, improper sterilization will kill you—and they were literally making half of the wages that they would have made in a hospital, poverty wages, barely over minimum wage. Even the registered nurse was making under $20 an hour. Nobody had any benefits. Nobody had any pension plan of any kind.

These are the jobs that we're going to create when we move all of those services out of the hospital. It's really not going to be good for anybody because, quite frankly, if you're in a position to be in that job and you're making $12 an hour, you're going to be looking for the next job and you're not going to be staying in that position. Experience is a good part of the roles that people play in the health care system—

Ms. Catherine Fife: We have some evidence from the Auditor General, as you rightly point out, that privatization does not lead to better-quality health care.

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Ms. Katha Fortier: No.

Ms. Catherine Fife: And obviously, it results in less-paying jobs.

Thanks also for raising the issue of the auto industry and the need for the advanced manufacturing sector to be strengthened. But the cost of energy impacts the advanced manufacturing and the auto industry. Did you want to comment on the sell-off of Hydro One? Obviously, you've raised some concerns about it—but it will lead to higher energy costs. What do you think the impact will be on the economy as a whole?

Ms. Katha Fortier: We firmly believe that the sell-off of Hydro One will raise costs. I don't think that manufacturing in particular—I think that industry are big users of energy. Quite frankly, so are hospitals. So are all of these other institutions where people work.

It's really going to have a huge effect on the manufacturing industry. In fact, we've heard Chrysler talking about that in Windsor, about the cost of energy and what that's going to do to them.

Mike, do you have anything to add on the hydro—

The Chair (Ms. Soo Wong): Ms. Fortier, I need to stop you here. I'm so sorry.

Ms. Catherine Fife: Thanks very much.

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

Ms. Katha Fortier: It went by so fast.

Ms. Catherine Fife: I know.

The Chair (Ms. Soo Wong): Yes, time is very short when you come before this committee. Thank you.

TRILLIUM AUTOMOBILE DEALERS ASSOCIATION

The Chair (Ms. Soo Wong): The last witness before the committee today is the Trillium Automobile Dealers Association: Mr. Frank Notte. Thank you. The Clerk is coming around with your written submission.

Mr. Notte, you can begin any time. When you begin, please identify yourself for the purposes of Hansard. You have 10 minutes for your presentation, followed by five minutes of questioning. In this round, the questioning will be coming from the government side. You may begin any time.

Mr. Frank Notte: Good afternoon. I'm Frank Notte, 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.

We are also proud to produce the Canadian International AutoShow in Toronto, Canada's largest consumer show. This year, I encourage you to visit the auto show, which runs from February 12 to 21.

Today, I'd like to talk about Ontario's automotive retail sector and what the province can do to strengthen it.

I know when most people speak of auto, they immediately think of the manufacturing side of the business, and it's no surprise. Ontario is home to the assembly plants of Honda, Toyota, Ford, General Motors and Chrysler, and that's something we're all proud of. But when people like myself or those on the retail side speak of auto, they also include Ontario's 1,000 new car dealers, who employ 49,000 people and who generate $29 billion annually in sales and service.

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. The most recent example was the province's announcement of a Red Tape Challenge, with a focus on auto parts manufacturing, excluding the retail side of the auto sector. So it's time to change that mindset, and I'm here to offer some solutions to achieve that goal.

Our first recommendation for budget 2016 is to increase consumer protection by regulating advertising placed by automobile manufacturers. In 2010, the Motor Vehicle Dealers Act was updated and established the strongest buying rights in Canada. One major reform included changing the advertising regulations to include better disclosure requirements and all-in pricing. "All-in pricing" means that dealers must include the freight charge, dealer preparation charge and other miscellaneous add-on fees in their advertising, so the only additional money that 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 government chose to exempt advertisements placed by manufacturers from the Motor Vehicle Dealers Act. In other words, advertising placed by manufacturers is not subject to any advertising regulations.

On the one hand, the government proudly celebrates the benefits of all-in pricing and other advertising regulations that increase consumer protection, but on the other hand, it decided to compromise consumer protection by creating one set of rules for dealers and no rules for manufacturers.

For example, look at the two ads that I handed out, showcasing the exact same vehicle. One is placed by the manufacturer and the other is a dealer ad. Both these ads appeared on the same day and, ironically, in the same newspaper.

Now, you'd rather pay the lower price, I'm assuming. The problem is, you can't buy that car at the lower price, because it excludes the mandatory charges. Because the manufacturers aren't required to include all costs, they can advertise a lower price, a price for which the consumer cannot buy the 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 exempt from the MVDA and that manufacturers don't have to advertise the all-in price. That's not a great starting point if you're 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 manufacturing ads. Those who agree that some form of regulation is needed include the Ontario Motor Vehicle Industry Council, or OMVIC, 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 pass Bill 152, the Cutting Red Tape for Motor Vehicle Dealers Act. Let me ask you: Do you like to stand in line and waste your time, knowing that whatever it is you want to accomplish can be done online and in minutes? I doubt it. In today's age we can pay our mortgage, renew our driver's license, order birth certificates and do many other things with the touch of a button on our smart phone. When it comes to dealers registering and licensing a vehicle for consumers, Bill 152 would do just that: It would cut the red tape of wasting time, money and energy to have dealership staff wait in line at a licensing office, or have them return to the office numerous times per day to license the vehicle.

If passed, Bill 152 would amend the Highway Traffic Act to allow registered motor vehicle dealers to do any of the following by electronic means: apply for a permit, number plates or a validation for a vehicle; apply for a new permit for a vehicle; apply for a used vehicle information package.

Basically, that means that upon completion of the sale or lease, the dealership can register the vehicle with the MTO and provide the permit, licence plate and validation sticker at the dealership. Then the happy customer can drive off the lot that day, likely minutes after signing on the bottom line. No waiting in line, no more hoping the licensing office is still open if it's late in the day or on a Saturday.

Quebec is already doing this, and Ontario has the experience. In 2011, the province conducted a pilot project in two new car dealerships and by all accounts the pilot project was a success. Having received unanimous support during second reading, we hope Bill 152 will soon become law and strengthen Ontario's auto sector.

Our third recommendation is not to allow more municipalities the authority to impose a vehicle tax. Currently, the Ministry of Municipal Affairs and Housing is reviewing the Municipal Act and new municipal taxing powers are likely under consideration. In 2006, the city of Toronto was granted the authority to impose a personal vehicle tax, and we fear the ministry is considering extending the same taxing authority to all municipalities. The Minister of Municipal Affairs and Housing was asked about this issue in question period on December 10, 2015, and his response did not make it crystal clear to our association whether or not such a new taxing power would be granted to all Ontario municipalities.

On December 1, 2015, in the Legislature, the minister did confirm that the province would not permit all Ontario municipalities—other than Toronto, of course—to charge a municipal land transfer tax, and we're very concerned that a vehicle registration tax may be under consideration because, other than the land transfer tax, this was one of the new powers granted to the city of Toronto in 2006.

We're requesting that budget 2016 confirm, as the minister did with not expanding the land transfer tax, that Ontario municipalities will not be granted the power to impose a vehicle registration tax or a similar measure aimed at taxing drivers and vehicles.

Our fourth 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 manufacturer warranty and/or falls under Drive Clean's own seven-year exemption for newer vehicles, It only adds frustration to both consumers and dealers, wasting time and money.

Here's a real-life example: A dealer owns a 2015 model demo and a consumer wishes to purchase it. This demo is six months old and has only been driven 5,000 kilometres. The vehicle is still covered under the manufacturer's warranty and because of its age, it 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 that the vehicle should receive its first test at seven years of age. The question is: Why are dealers wasting time and money to test a vehicle that even Drive Clean expects to pass with flying colours? The province should not require Drive Clean tests on vehicles under seven years of age, mirroring Drive Clean's own rule.

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Further, the province should start make plans immediately to phase out Drive Clean based on the 2012 Auditor General's report, which found that "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 also 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 solutions to bolster Ontario's auto sector. Thank you.

The Chair (Ms. Soo Wong): I'm going to turn to the government side for this round of questioning. Ms. Vernile.

Ms. Daiene Vernile: Thank you very much, Frank, for that very informative presentation. You made some interesting points. I want to ask you about a number of the things that you talked about, as well as ask you about other issues related to your sector.

You talked about Bill 152, the Cutting Red Tape for Motor Vehicle Dealers Act. If this goes through, tell me how that's going to change the way that you do your job.

Mr. Frank Notte: Right now, what happens if a consumer goes to purchase a vehicle is that the dealer would take the paperwork down to the licensing office and either wait in line for the next person to get through or drop it off and then return later that day or however quickly the licensing office can do it.

Under this program, what would happen is that the dealership basically becomes a licensing office. In other words, that person working at the dealership would take the information—the bill of sale, the insurance info, that kind of thing—and basically upload that to some kind of MTO database, therefore registering the vehicle without having to go to the ServiceOntario licensing office, for example.

Ms. Daiene Vernile: So it's going to be a lot more convenient for the car buyer. Do you think that your staff are going to mind doing the paperwork, though?

Mr. Frank Notte: At the beginning of the pilot project, one of the two dealerships did think that it would not be worth their while, but after the six-month pilot project, they did find that the convenience and the cost of setting up and taking some staff time away from other duties was ultimately a net benefit to the dealership, in terms of convenience.

Ms. Daiene Vernile: Okay. I want to ask you about electric cars. Recently, Ontario Premier Kathleen Wynne announced a $20-million investment to install electric vehicle charging stations in key areas of Ontario. What's your reaction to this and how do you think it's going to impact your industry?

Mr. Frank Notte: Well, I think that anytime there's an incentive to purchase a new car, if it makes it less costly for the consumer, it's a plus. I think the challenge will be, from the auto side and from the government side, to try and convince consumers about the benefit of driving an electric car, but also the benefit of making the car less expensive through financial incentives or maybe making the charging stations less costly for businesses or homeowners.

Ms. Daiene Vernile: Are you hearing from potential clients that maybe they don't want to get an electric car because they have this fear that they're going to be stuck somewhere and run out of fuel?

Mr. Frank Notte: Sure, that's one of the concerns. Whether that gains any merit in a cold country like Canada or not is beyond me to say. That is one of the common concerns we hear about.

Ms. Daiene Vernile: Okay. The price of gas now is relatively low compared to what it has been in recent years. How is that affecting your industry? Do you see people signing up for Hummers now instead of thinking about electric cars, because gas is so cheap?

Mr. Frank Notte: Yes. I think economists will say that when the price of gas goes down, people looking to buy a new car will look for a bigger car which might consume more gas than not. The stats for 2015 aren't in yet, but I do believe that sales across all makes and models are up.

Ms. Daiene Vernile: One last thing that I want ask you about, which I know your association has commented on, is our recent legislation for distracted driving. The penalties are way up: $490 if you're caught using one of these when you're driving—texting or calling. I've heard people say that this is too stiff a fine. Other people say that it's not enough and maybe it should be even tougher, because people are still using these while they're driving. What are your thoughts on that?

Mr. Frank Notte: I think the increase in fines and demerit points, in some cases, is worth its merit. Before the legislation came in, we conducted two or three public education campaigns about the problems you can have while driving distracted, so we were happy to see that the penalties were increased.

Ms. Daiene Vernile: I really appreciate your comments today and especially what you had to say about phasing out Drive Clean, and I'm going to pass that on to our finance minister. Thank you very much for being here today.

Mr. Frank Notte: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Notte, and for your written submission, as well.

Okay, ladies and gentlemen. I am going to adjourn the committee until tomorrow, 9 a.m. Thank you very much.

The committee adjourned at 1655.

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