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Wednesday 18 January 2017

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Mercredi 18 janvier 2017

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Peter Z. Milczyn
Clerk: Eric Rennie

Président : Peter Z. Milczyn
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 18 January 2017

Mercredi 18 janvier 2017

The committee met at 0905 in room 151.

PRE-BUDGET CONSULTATIONS

The Vice-Chair (Ms. Ann Hoggarth): Good morning. Welcome, everyone. We're resuming the pre-budget consultations. This is the Standing Committee on Finance and Economic Affairs.

Before we call up the first presenter, I would ask if any members of the committee have any questions or concerns.

MPP Baker.

Mr. Yvan Baker: I just had a procedural item that I wanted to raise before we start, if I may, Chair.

The Vice-Chair (Ms. Ann Hoggarth): Okay.

Mr. Yvan Baker: We're going to be hearing from the community of London this Friday. The city of London has asked if they could bring a brief greeting to the committee and to those gathered before the hearings start on Friday. What I was going to propose, and I've discussed this with the other members of the committee, is that we start at, say, 8:55 a.m. on Friday morning to allow the city of London to bring greetings. It would be the deputy mayor bringing greetings on behalf of the city of London.

The Vice-Chair (Ms. Ann Hoggarth): Mr. Baker has suggested that we start five minutes early in London in order to hear a greeting from the city of London. Is there unanimous consent to do that? Thank you.

Mr. Yvan Baker: Thank you, Chair.

The Vice-Chair (Ms. Ann Hoggarth): Before we get started, I would like to explain the procedure. Each presenter will have up to 10 minutes for your presentation, followed by up to five minutes of questions from the committee. The first round of questions will be from the opposition party, the PCs.

ONTARIO FEDERATION OF LABOUR

The Vice-Chair (Ms. Ann Hoggarth): At this point, I'd like to call our first presenter, the Ontario Federation of Labour. I know you've been through this before, but if you would please, for the purposes of Hansard, let us know your name and your position. Thank you.

Mr. Chris Buckley: Good morning. I'm Chris Buckley and I'm the president of the Ontario Federation of Labour. To my right is Thevaki, who is our director of research and education at the Ontario Federation of Labour.

The Vice-Chair (Ms. Ann Hoggarth): Thank you. Go ahead.

Mr. Chris Buckley: First of all, I want to thank all of you for the opportunity for us to be here. Although the Ontario Federation of Labour formally represents one million workers across the province, we champion the rights of all workers, especially the most vulnerable.

Right now, the reality in Ontario is that workers are poorly protected by outdated employment and labour laws. Women continue to fight to be paid fairly. Racialized workers are overrepresented in low-wage and precarious jobs. Young people are graduating with thousands of dollars of debt and a very uncertain future. And hundreds of thousands of Ontarians live in poverty. It's clear that more needs to be done to build Ontarians up and to build a prosperous economy that is rooted in decency, equity and fairness for all.

Today, I'll highlight some of our recommendations the OFL has made in our pre-budget submission.

Millions of Ontario workers find themselves in a constant state of uncertainty. For them, maintaining the status quo is not an option. Through the Changing Workplaces Review, meaningful changes to the Employment Standards Act and the Labour Relations Act are needed to raise the bar for everyone and make it easier to join and keep a union. The OFL is very pleased that the government has taken leadership on this file, but real changes are needed and long overdue.

The 2017 budget is a chance to show Ontarians the values that guide policy decisions, particularly those related to working people.

Ontario's budget needs to ensure that women are treated equitably in the workforce. Women in Ontario earn 68.5 cents for every dollar that men earn. That's not the Ontario we want. This gap is much larger for indigenous, racialized and immigrant women, as well as women with disabilities. It's time to close the gender wage gap here in Ontario. Ontario's Pay Equity Commission needs to be properly resourced to ensure that Ontario's pay equity laws are followed and enforced.

Racism creates barriers for racialized workers. The OFL urges the government to continue its work towards ending racism in our province. Other directorates and secretariats in the province currently have much higher funding than the $5 million currently set aside for the Anti-Racism Directorate. A greater annual budget is needed to ensure that the directorate has the required resources to do its job.

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Ladies and gentlemen, jobs should be a pathway out of poverty, but that's not the case for 1.7 million Ontarians who are working in low-wage jobs. We support immediately providing a basic income, but the income must be responsive to changes in earnings and the cost of living, and provide a standard of living above the poverty line.

The OFL is also in favour of other measures to eliminate poverty, such as increasing social assistance rates, removing barriers to paid employment, and introducing a $15-an-hour minimum wage for all workers, with no exceptions.

Domestic violence is, unfortunately, all too common. The government needs to ensure that no one is in a situation where they choose between their safety and their job. Ontario needs legislation that allows survivors of sexual and domestic violence access to 10 days of job-protected and paid leave, as well as workplace training and other supports.

Injured workers are being left behind in Ontario. Workers in certain industries continue to be excluded from WSIB coverage. Because they don't receive this compensation, they are forced to rely on benefits from EI, CPP disability, or the Ontario Disability Support Program. The public health care system also bears the brunt of these claims. All workers in the province of Ontario should be covered under the WSIB.

Ontario post-secondary students pay the highest tuition fees in the country and graduate with very high debt loads. For young people, this level of debt means they often can't find meaningful work, buy a home or begin a family. Ladies and gentlemen, we owe it to our young people in the province of Ontario to move this cloud of uncertainty away from them, give them some hope and optimism, and give them a way to feel good about their future. More funding from the government is needed to ensure that Ontario workers aren't burdened by student debt.

Ontario workers need access to proper health care. One in three workers in Ontario doesn't have employer-sponsored medical or dental benefits. Inadequate access to health, dental and prescription drug benefits has forced workers and their families to delay or bypass essential care in the short term. Over the long term, however, the cost to families in the health care system grows. To ensure the health care system, including its workers, can meet future demands, the government must address serious, systemic issues such as precarious employment and chronic underfunding.

Ontario can tackle climate change and still build a green economy that creates decent jobs and decent livelihoods for everyone. The government must support workers in carbon-intensive industries when their jobs begin to change. This includes providing retraining and income bridging for workers, as well as making community investments to create good green jobs. We expect that the government will redirect all revenues from the cap-and-trade program towards green initiatives, like creating a just transition in the workplace.

Independent officers of the House have repeatedly shown that privatizing public assets and services is harmful to the province's bottom line. Ontario's Financial Accountability Officer estimates that the sale of Hydro One will result in up to $500 million in lost income per year for the province. This is half a billion dollars that will not be invested in schools, hospitals, roads and other infrastructure projects each year. To build a stronger economy for everyone, the government must stop privatizing public assets and services. This includes Hydro One, OLG, the LCBO, and our health care and education systems.

Ontario has the highest child care fees in the country. Some parents pay more than $1,000 per month per child. Less than 20% of child care spaces are subsidized in Ontario, making licensed child care unaffordable. Everyone should have access to a universal, publicly funded, high-quality and affordable child care system. Greater funding is needed now to reach the government's promise to create 100,000 spaces by 2021.

Ladies and gentlemen, overall, to build Ontario up, we must recognize that workers are the backbone of this economy. It is the hard work and dedication of working people in all sectors of this province that drives Ontario forward. The OFL expects that the 2017 budget will reflect this reality, to build the Ontario we want. I'm sure everyone in this room would agree: We have a lot of work to do across this province to make this the Ontario we want.

Our submission that is before you today is not just for unionized workers. Our submission is showing you our vision to make this the Ontario we want.

I want to thank each and every one of you. You don't have easy jobs, and it is very, very hard to please everyone—I get that.

I've represented workers for 30 years of my life. For 30 years of my life, I've represented workers, and over the last decade I've seen far too much pain on the face of workers. I'm extremely worried. I'm extremely worried about the youth of this province and what type of future they're going to have. I don't want anybody to agree or disagree at this point, or even shake your heads, but I'm quite certain that most of us in this room know of a family that's struggling every day to survive, know of people who are working more than one minimum-wage-paying job to keep the wolves away from the door but then going to the food bank in their community to feed themselves, or know of someone whose children have done all the right things, have got their education, but can't find a good-paying job and are forced to work in precarious employment—a temporary hiring agency, a contract worker—and can't afford to move out of their parents' house because the days of good-paying jobs have all evaporated.

I'm asking all of you to join with the labour movement and collectively come together to make this the Ontario we want. I know it's not going to be easy. We've seen nothing but despair and job loss for a long, long time. I'm not blaming anybody in this room, and I mean that from the bottom of my heart. It's time we all come together, roll up our sleeves and give workers and their families some light at the end of the tunnel, and especially the young people in the province of Ontario—

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Buckley. That's your 10 minutes. Questions begin with Mr. Barrett.

Mr. Chris Buckley: Thank you.

Mr. Toby Barrett: Thank you to the Ontario Federation of Labour for a well-written brief. There's so much in here.

You had mentioned as well—I think it's recommendation number 17—with respect to redistribution of monies from the cap-and-trade program. I just toured a manufacturing operation yesterday afternoon. There are about 100 steelworkers in there. They are in the electrical business, and very concerned. Their monthly electricity bill, for example, in 2008 was $104,415 a month. They've cut consumption by 20%, and now their bill is $131,460 a month. It's a branch plant of a multinational. Both labour and management are doing everything they can. They're worried sick about this. Being a branch plant, operations can be set up anywhere.

I guess my concern is, you talk about redistributing money—green initiatives, for example, and just transition. I don't know whether this relates to the declining union representation you talked about. What's the labour movement doing on this one, beyond redistributing money, whether it's costs of electricity or upcoming costs from cap-and-trade?

Mr. Chris Buckley: Go ahead, Thevaki.

Ms. Thevaki Thevaratnam: When we talk about redistributing money, we're talking about the cap-and-trade program and the revenues earned from that. The government has committed to redistributing all revenues towards green initiatives.

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Mr. Toby Barrett: Yes.

Ms. Thevaki Thevaratnam: For us, one of the branches that that falls under is the just transition of the workplace. That includes income bridging for those who might find that their jobs have been demoted or are less-paying—

Mr. Toby Barrett: Gone. That's the worry, yes—gone.

Ms. Thevaki Thevaratnam: Exactly, so there's income bridging, there's retraining and there are community investments in creating good, green jobs. The labour movement is supportive of moving towards a green economy. We just want to make sure that workers are not left behind, that they receive the tools that they need to transition with the movement towards the green economy.

Mr. Toby Barrett: Thank you.

Mr. Chris Buckley: If I could just piggyback on Thevaki's answer: The sell-off of Hydro One is getting a whole lot of attention right across the province. Every day, you can't turn on the television or a radio—and it's out there. I get that.

But workers can't be forgotten either. I know employers—listen, I represented the auto industry for 27 years. I was the head of General Motors bargaining in Canada for the last 10 years in the city of Oshawa. I know that there are going to be employers who are going to come to the table, whether it's a unionized workplace or a non-unionized workplace, and say, "Hey, we're going to have to do some things differently. The price of hydro is going to force us out of the province."

We can't let that happen. We have to collectively—government, labour and the employer community—sit down and work out a solution and not give them an excuse to take any more good-paying jobs out of the province of Ontario, because they're going to use it as an excuse. I've been around a long time, ladies and gentlemen. I've heard more excuses and seen more job loss than I want to see anymore. We have to be very, very conscious of that. Let's not give any employer any more excuses to leave the greatest province in this country.

Mr. Toby Barrett: My colleague has a question.

The Chair (Mr. Peter Z. Milczyn): Mr. Fedeli?

Mr. Victor Fedeli: I want to thank you, Mr. Buckley, for a very passionate presentation. We really do enjoy that and enjoy the words that you've shared with us.

I know you've got 19 recommendations, and within those recommendations, some of them have maybe a subset of eight or nine in there. You've spent a lot of time talking about the hydro aspect and the cap-and-trade aspect. Would you consider that your most serious concern at the moment, or is there a different one of the recommendations that you think should be moved up to the top?

Mr. Chris Buckley: You know what? I'm not going to put together what I would refer to as a short list. It is a very serious concern. It's a serious concern to the labour movement; it's a serious concern to citizens in this province. It's all the more reason we want to see the halt of the sale, of the privatization of our services.

But listen, I'm not here every day at Queen's Park. I'm not in your shoes. When I said in my opening comments, "You've got tough jobs," I get it. Look at what's happened in this province over the last decade or a bit longer. When I talk about good-paying jobs, I think the last time I looked, there were over 700,000 good-paying jobs that left this province, and they're not falling over themselves to come back.

We have to collectively come together and put together a strategy that (1) will create good-paying jobs, and (2) will not give employers a reason to exit this province anymore.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Buckley. That's all our time for today. Thank you for your written submission. If there's something additional you'd like to provide to the committee, you can do so until 5 p.m. this coming Friday.

Mr. Chris Buckley: Okay. Thank you. I was just about to ask for another hour of your time, but I guess that's out of the cards, right? I'm teasing you.

The Chair (Mr. Peter Z. Milczyn): We might give you another day some other time.

Mr. Chris Buckley: I'm trying to make you laugh. You've got to laugh a bit more in this building.

Ms. Ann Hoggarth: We're laughing.

Mr. Chris Buckley: Thank you very much for the opportunity. Have a great day.

ONTARIO CAREGIVER COALITION

The Chair (Mr. Peter Z. Milczyn): Our next presenters are the Ontario Caregiver Coalition. Good morning. You have up to 10 minutes for your presentation. If you could please state your names for the official record as you begin.

Ms. Jacquie Micallef: Okay. Thank you. Jacquie Micallef. I am with Parkinson Canada and a member of the Ontario Caregiver Coalition.

Ms. Lauren Rettinger: I'm Lauren Rettinger. I'm an employee at the Alzheimer Society of Ontario and also a member of the Ontario Caregiver Coalition.

Ms. Jacquie Micallef: Thank you for inviting us to speak this morning—

The Chair (Mr. Peter Z. Milczyn): Could you just lean into your microphones a little bit more?

Ms. Jacquie Micallef: Oh, my voice is not carrying. Is that better? Okay.

Thank you for the opportunity to speak with the committee this morning on behalf of the 3.3 million caregivers in Ontario.

The Ontario Caregiver Coalition is the provincial advocacy coalition that supports unpaid caregivers in Ontario. We are comprised of over 100 individuals and organizations in the province who actively work together to increase awareness of the important role unpaid caregivers play in the long-term sustainability of Ontario's health care system, and advocate for improved supports for caregivers.

The Ontario Caregiver Coalition is particularly focused on the growing need for improved respite care, supports that address caregiver needs apart from the care recipient, caregiver involvement in patient-engagement initiatives, and recognizing the caregiver contribution to the Ontario health care system.

To begin, the Ontario Caregiver Coalition is currently working with all parties to seek action on the passage of Bill 66, An Act to proclaim Family Caregiver Day, to formally recognize the role of unpaid caregivers in Ontario. As members of provincial Parliament, we ask that you will join us in recognizing the value of caregivers by supporting Bill 66.

As I mentioned in my opening, there are 3.3 million unpaid caregivers, which accounts for nearly 30% of Ontario's total population, which is quite startling. One thing that we know from working with caregivers on a daily basis is that a lot of people don't recognize themselves as caregivers. We are both from organizations that focus on neurodegenerative disease, so we see a lot of spouses and a lot of adult children, but we want you to know that the Ontario Caregiver Coalition also is here in support of children and youth who have a sibling who has a debilitating condition, or a parent, a mother, who is living with multiple sclerosis. So it is across the lifespan and across conditions.

Seventy-six per cent of Ontario's caregivers are juggling their caregiving responsibilities with paid employment, and 35% have reported being fired or having to quit their paid employment due to their caregiving duties.

The estimated value of unpaid caregivers to Ontario's economy is upward of $31 billion, and that only relates to caring for those with dementia. Supporting caregivers is good public policy not only for Ontario's families and the economy, but for Ontario's health care system as well.

The growing trend toward providing more complex care in the community and reducing the length of stay in hospital has depended on the ability of unpaid caregivers to devote more of their time and energy to caregiving. This is due to the fact that there is an insufficient amount of additional home care to support people outside of the hospital or in other institutional settings.

Health Quality Ontario, in their recent report in 2016, reported that 35% of people who cared for loved ones at home reported feeling distress, anger or depression, and that's up 16% from 2008.

Caregivers must be sufficiently acknowledged and supported. We cannot take for granted the pressure that caregivers in Ontario are under, or their ability to continue in this role long-term.

Our first recommendation is that the Ontario government invest $20 million over the next two years to improve respite services and delivery of these services in Ontario. The total funds will be for a model that will target four subcategories of services and/or supports: caregiver accounts, in-home respite, day programs and overnight respite. The investment will provide approximately 4,000 caregivers with improved access to and availability of high-quality respite services.

The concept, which is brought forward by the Alzheimer Society of Ontario, is called New Directions, and is of course supported by the Ontario Caregiver Coalition more broadly. The goals are to improve caregiver experience to reduce stress, maintain health, and maintain labour force participation; to enable the care recipient to live in their preferred community location for as long as possible; to facilitate community care evolution to more patient- and caregiver-centred care; and to reduce pressure on the health care system.

Better respite will improve patient and caregiver experiences and enable people to live in their community of choice for longer. Adverse outcomes like caregiver stress, the rise in antipsychotic use and crisis admission to hospital or long-term care can be expected to decrease with excellence in respite care. In the absence of supporting innovative ideas and a recognition of the needs of caregivers, Ontario will simply not be able to keep pace with increased spending.

0930

Secondly, the Ontario Caregiver Coalition asks that the Ontario government fund Ontario's Dementia Strategy at $100 million over the next two years. One in 10 Ontarians over the age of 65 is currently living with this condition, and the majority are living in the community. Many Ontarians are living with conditions wherein dementia is one component that adds immensely to the complexity of their care. For example, 30% of Ontarians with a diagnosis of Parkinson's are also living with a diagnosis of dementia.

Individuals caring for someone with dementia provide 75% more care hours than caregivers of another type of condition and experience 20% greater stress, and many of them are still currently working. Several Ontario Caregiver Coalition partners have been engaged in shaping the development of Ontario's Dementia Strategy and are hopeful that it will be implemented with a focus on supporting not only the care recipient but the caregiver as well.

Third, our concern is regarding job protection and employment insurance coverage of job protection. Currently, there is a disconnection between the weeks of employment insurance funding, as well as some of the definitions around access to the compassionate care benefit at the federal level, and the current amount of job secured time that is offered in Ontario.

So to begin, the compassionate care benefit stipulates that a person can receive the benefit for up to 26 weeks if you need to be absent from work to provide care to a family member who is at risk of dying within 26 weeks. Ontario has shown leadership with the Family Caregiver Leave Act by providing eight weeks of job-protected time where "near death or dying" is not a criterion to take that time, but it's unfortunate that caregivers then have the availability of eight weeks of job-protected time but they don't have the availability of employment insurance coverage if the person they're caring for is not at risk of dying.

In our experiences as well, Parkinson's disease and Alzheimer's disease are long diseases, non-fatal diseases, and people can live a long time needing an immense amount of care in the community, so this criterion of being near death is something that is really not being responsive to the current chronic care needs that we're seeing increasing in the community. Caregivers are also under financial stress, as we've mentioned, and the likelihood of being able to take eight weeks of unpaid time is really not feasible for a lot of Ontarians, especially those who are providing care.

The Ontario Caregiver Coalition is asking that Ontarians have the benefit of 26 weeks of job-secured time that's covered by employment insurance where the criterion of death being foreseeable would not be included. The Ontario Caregiver Coalition calls on the Minister of Labour and the Minister of Finance to work with their federal counterparts to expand the eligibility of the compassionate care benefit beyond only those caring for someone near death and to ensure that 26 weeks of job-protected time are covered by employment insurance.

In conclusion, the Ontario Caregiver Coalition is requesting an investment of $20 million over the next two years to improve respite services anf that the dementia strategy be funded at $100 million over the next two years and calls on the Minister of Labour and the Minister of Finance to look at the compassionate care benefit, the criteria there, and the Family Caregiver Leave Act to ensure that there is job-protected employment insurance covered time for caregivers where the care recipient is not near death.

Thank you for your time and consideration of our recommendations.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. Mr. Vanthof, you have up to five minutes.

Mr. John Vanthof: Thank you very much for taking the time today to come and put a focus on a big part of our society that often doesn't have as much focus. A lot of your concerns are very relevant.

My mom is just in the stage of Alzheimer's where she needs full-time care, and my family has been taking care of her before that stage. My mom isn't terminal. She's nowhere near close to terminal. But actually, right now, she's close to going to full-time care. There's less stress in the family now than there was in her early stages of Alzheimer's.

So your point about people needing job protection—it's not just the terminal part, but especially with long-term conditions. This one really hits home because that is very pertinent. We're very fortunate in my family. I have a good job. But so many people whom we have met—because when a family member is dealing with something like that, you meet people all over who are dealing with the same thing but don't have the resources that some of us do, and it's heartbreaking. It's incredibly heartbreaking.

We are fully in favour of pushing for Bill 66. It's my colleague's bill. It's an NDP bill. We'll do everything that we can there.

What does the coalition suggest would be the best thing to help caregivers on a long-term basis? Would it be tax credits? What would financially help caregivers? What could the government do to financially help caregivers?

Ms. Lauren Rettinger: I think the idea of more up-front support would be really beneficial to caregivers. The problem with a lot of tax credits is that they financially have repercussions for people who are lower-income, if they're not able to afford those costs up front or perhaps have to rely on informal types of resources that they might be paying for but don't necessarily get a receipt to pay for, because they can't afford the services that offer those receipts. It really disadvantages people when you're only looking at tax credits.

One of the things in the respite fund that is offered is something called caregiver accounts. This originated with intellectual disabilities but has been expanded into other realms. A lot of caregivers find that it really helps to meet their needs that are outside of what is typically considered under home and community care and what you typically get under your CCAC. It might be bringing someone in to help with home services, and that might be the break that you need. It might be being able to pay someone to come into your home and look after the person for an extended period of time, so that you can get out and socialize and do the things that you used to do that brought you happiness, and give you that sense of relief that respite is really about.

So I think that it's looking more broadly than just these fixed solutions that we currently have in place.

Mr. John Vanthof: Okay. In your experience—you brought up the CCAC. We've run into where there have been less resources available through the CCAC and more and more is being put on the families. From what I've seen from the people that I deal with, we're actually going backwards instead of forwards. Would you agree with that?

Ms. Lauren Rettinger: Do you want to comment on it? No? Okay, I guess I'll comment on it.

Mr. John Vanthof: I'm not trying to put you on the spot, but I'm just—

Ms. Lauren Rettinger: I think that one of the real issues with CCACs is—I hear it time and time again from family members—that the main stipulation to get CCAC services in the home is that you have to agree to bathing services. That's not appropriate for everyone. Not everyone wants to be bathed by a stranger. It's a very private and intimate experience. Family members might be willing to do that part but need assistance in other ways, but our system is just not flexible.

The other piece, for a lot of communities, especially bigger communities like Toronto, is the consistency in care and people who go into the home. If you have to explain who the person is, what their needs are and how they like things done every time you meet someone, how does that offer any relief? It's frustrating for the care person. It's also frustrating for the person who receives care, especially when you then get into intimate acts like bathing, to have a strange face. If you have a cognitive impairment, particularly, that prevents you from really getting to know and recognize someone, it creates immense challenges, to the point where I think some caregivers would almost opt to get rid of it, because the aftermath of those types of experiences can be very challenging.

Mr. John Vanthof: Once again, everything you say really hits home. For example, with my mom, the one thing that we struggle with the most—for the last three or four years since she was diagnosed, she could take care of herself, kind of. But the most resistance was to bathing. Every time when there was a different person, it was terrible, because it's like they have to develop a whole new relationship. At their state of mind, that's not a "Hey, how are you doing?" It's a long process, and it was a—

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Vanthof.

0940

Ms. Jacquie Micallef: Thank you for sharing that. Thank you for your time.

Mr. John Vanthof: Thank you very much for coming.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation. If there's anything you'd like to provide in writing further to the committee, you have until 5 p.m. this coming Friday.

ONTARIO SOCIETY OF PROFESSIONAL ENGINEERS

The Chair (Mr. Peter Z. Milczyn): Our next presenters are the Ontario Society of Professional Engineers.

Good morning. You have up to 10 minutes for your presentation. If you could please state your names for the official record as you begin.

Mr. Sandro Perruzza: Perfect. Good morning, Mr. Chairman and the committee. Thank you very much for allowing us to appear today. My name is Sandro Perruzza. I'm the chief executive officer of the Ontario Society of Professional Engineers, or OSPE, as we call ourselves. I'm joined here today by my two policy leads, Ms. Catrina Kronfli and Mr. Patrick Sackville, who I'd like to thank for preparing this submission.

Ontario is home to more than 80,000 professional engineers and a quarter of a million engineering graduates. That's the largest concentration of engineering expertise in Canada, and OSPE stands as their advocacy body and the voice of the engineering profession in Ontario. At OSPE, we position ourselves as a non-partisan resource for government, offering engineering insight and advice to solve complex problems and policy issues, and building a better, stronger Ontario for us all.

Engineers are gifted problem-solvers. They're wealth creators and leaders involved in every key sector of Ontario's economy. At OSPE, our membership reflects this diversity, attracting a wide range of engineering expertise in key areas that empower Ontario's economic and financial well-being: innovation, environment and climate change, mining, the Ring of Fire, infrastructure, energy and connecting engineering knowledge and skills to the future needs of the labour market.

In my presentation, I will focus on three core issues: first, energy and its context of putting downward pressure on rates; second, Ontario's skills gap as it relates to engineering; and finally, engineering oversight on Ontario's infrastructure projects. At OSPE, we believe that Ontario's ability to unlock the incredible potential of these three areas will define our level of economic prosperity for years to come, and that engineers will play a critical role in achieving that success.

There isn't a single minister, MPP or staffer in this province who hasn't felt the heat regarding energy pricing. Polling consistently shows that energy affordability and the cost of hydro is a top issue for Ontarians. A lot has been said regarding where to place blame on the mismanagement and poor planning of Ontario's energy system, but let me be clear: We are not interested in having that discussion. At OSPE, we're focused on the path forward.

So how do we structurally enhance and optimize what we have? How can we capitalize on Ontario's strengths? And most importantly, how do we bring relief to those in a state of energy poverty, Ontario's most vulnerable folks, who face the daily question of whether to heat or to eat? Answers to these questions aren't easy to come by. The management of our energy sector is arguably one of the most complex and integral responsibilities of the provincial government. In order to plan this sector effectively, the insight of engineers is of paramount importance.

In 2015, the cost of operating Ontario's power system was approximately $20.5 billion, and consumers paid an additional $1.3 billion in HST. Though a daunting challenge for government, policy changes informed by engineering know-how can reduce the price of energy in Ontario to levels that are similar to competing jurisdictions in the NAFTA trading zone.

In December of 2016, OSPE delivered fully costed recommendations to the Ministry of Energy that equate to total savings between $5.5 billion and $6.3 billion per year, representing a 25% reduction of costs to ratepayers. These recommendations are discussed in appendix A of the written submission. I am happy to elaborate in our question and answer period at that time.

At a high level, OSPE believes that the government should return to its prior role of establishing high-level goals for Ontario's energy systems and leave the detailed planning and design to the agencies and organizations established to do so. These bodies have the required engineering expertise to develop systems in a cost-effective manner, such as determining the supply mix and where that supply should be located. These are integral parts of the detailed planning and design process that should be determined outside the minister's office.

On the topic of skills, Ontario's labour market and the so-called skills gap have been the subject of much discussion in engineering circles. This is complicated by the existence of three conflicting trends.

The first trend is supply. This spring, Ontario universities will graduate a record number of engineering degree holders, surpassing the record set the year prior and the one set the year before that, and this trend will continue this September during enrolment.

The next trend is employment. Based on the data from the 2011 National Household Survey, OSPE's 2015 report entitled Crisis in Ontario's Engineering Labour Market found that 33% of engineering degree holders worked in jobs that did not require any form of university degree, period.

The third trend is what industry is telling us: Businesses are actively seeking qualified applicants to fill engineering positions. The Conference Board of Canada estimates that the unfilled demand for engineers in Ontario costs our province's economy billions of dollars each year. Anecdotally, OSPE's own job board is routinely at capacity for firms seeking engineering talent.

So we know there are a lot of underemployed or unemployed engineering degree holders, but at the same time we're being told by industry that the demand for quality engineers is high. It's growing and will continue growing in years to come. So how can we have both? What's wrong? What's missing?

Well, the key word is "qualified" engineers. This skills gap is real and it exists between the knowledge that our graduates acquire at school and the abilities modern industries demand of our highly skilled employees. Ontario must address the engineering skills gap by making it easier for employers to provide work-integrated learning opportunities for engineering students and recent graduates, working in co-operation with post-secondary institutions and employers.

For long-term solutions, Ontario should convene a recurring round table comprised of industry, employers and post-secondary institutions to identify the barriers that employers face in developing work-integrated learning opportunities, as well as mechanisms, such as funding and wage subsidies, that can help employers overcome these challenges and invest in Ontario's current and future generations of engineers.

An immediate action Ontario can take to start closing the engineering skills gap in the 2017 budget is to create year-round funding opportunities for companies of all sizes that are looking to hire engineering interns, students and recent graduates. Funding that is only offered from January 1 to April 1 does not mirror the ongoing labour needs of employers. Instead, funding that is accessible and predictable can help Ontario develop and retain its engineering talents.

Lastly, I'd like to bring your attention to an issue of critical budgetary significance which also has implications for the safety and well-being of every Ontarian who makes use of public infrastructure. In consultations with the Ministry of Infrastructure, the Ministry of the Environment and Climate Change, and the Ministry of Transportation, OSPE has observed a mounting lack of engineering oversight on key projects. In places where engineers should really count—on our large capital investments in projects that make us move, keep us safe and build us up—highly skilled professional engineers who also have a sworn oath to ensure public safety either are not employed, are not consulted, or are being ignored.

The absence of engineering oversight has already caused significant project delays, cost overruns and, in some instances, the complete failure of infrastructure projects, costing Ontario taxpayers and the economy billions of dollars. This is an issue that has been repeatedly highlighted by the Auditor General of Ontario, and as the voice of Ontario's engineers, we both echo and validate her concerns.

Recent examples of the costs of insufficient engineering oversight include the Herb Gray Parkway, the Nipigon bridge, the upside-down pedestrian bridge over Highway 401 in Pickering, the delay in the opening of Highway 412, and the Hazeldean bridge over the Carp River, just to name a few.

Looking to the years ahead, Ontario and the federal government have announced unprecedented levels of investment in infrastructure totalling more than $255 billion over the next 10 years. Given the size of these investments, it is imperative now, more than ever, that Ontario review its project- and risk-management processes and determine ways to enhance the prevalence, autonomy and authority of engineers as project overseers and managers.

In summary, engineers are trained problem-solvers. It's proven they create wealth and are leaders involved in every key sector of Ontario's economy. Whether a matter of complex energy system planning, skills acquisition or the delivery of critical infrastructure, professional engineers have these solutions and stand ready to engage government in building a better Ontario.

I want to thank each of you for granting us the opportunity to present today. My colleagues and I look forward to your questions. Thank you.

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The Chair (Mr. Peter Z. Milczyn): Thank you very much, Mr. Perruzza. This round of questions goes to the Liberals. Mr. Rinaldi.

Mr. Lou Rinaldi: Well, thank you very much for being here today and for your presentation. Certainly, thank you for the role you play in this province, in pretty well every sector, I would think. I do have a son who's an engineer. Sometimes discussions at home around Christmas go too far, but he always has a good rebuttal to make sure that he's right and maybe I'm not so right.

In a selfish way—you didn't talk about your involvement in the nuclear industry. From my part of the riding, where I have—not in my riding. Well, I have Cameco, which is one of the biggest nuclear supply chains to the nuclear industry in my riding, but I also have Darlington next door, with an enormous amount of employment, especially with the refurbishing that was initiated. Can you give us some insight on the importance of that particular industry, I guess, say, more in a selfish way? Because I'm really connected to it.

Mr. Sandro Perruzza: I just want to understand the question—the importance of nuclear in Ontario's energy mix?

Mr. Lou Rinaldi: And your involvement with that industry, because I know you are involved.

Mr. Sandro Perruzza: Okay. OSPE's engineers are in every energy supply chain: in production, in transmission, in delivery. Our energy task force has members who are in the nuclear industry, in green energy, in gas production.

The importance of nuclear is paramount to Ontario's energy mix. It is a green energy because it does produce very low carbon emissions. It's cost-effective; we've already invested quite a few billions of dollars in refurbishing the plants. But in addition to that, there's new technology that's coming out with respect to nuclear, and I think it behooves the province to actually look at the new technology, the new nuclear that is available that is being tested in other jurisdictions as a low-cost alternative to refurbishing future plants.

Mr. Lou Rinaldi: Thanks very much. Along the same lines, to do with green energy and so forth, obviously, to meet our greenhouse gas reductions as we move forward, can OSPE speak about the low-carbon technology and how it's contributing to the infrastructure of Ontario? You alluded a little bit to it on the green piece.

Mr. Sandro Perruzza: Sure. There's no doubt that there's a global movement towards green energy and low-carbon energy. Climate change is real; it's happening. Every jurisdiction needs to do its part to address this situation. I think over the next decade, you'll see more and more jurisdictions investing heavily in green technology to reduce carbon emissions.

Because of that, Ontario, with the cap-and-trade system—again, that money that's being put aside for it should be reinvested into developing new technologies. There is a tremendous amount of research being done. There are green technologies that actually have been developed in Ontario and, because of some of the rules and regulations, can't actually be deployed in Ontario. I think that's an opportunity wasted, an opportunity missed, because if this technology can be tried and tested in Ontario, used in Ontario, and you develop a market for it in Ontario, now you have a tested technology that can be exported to other jurisdictions, and that will create more wealth for Ontario. It will become a green technology hub, similar to what Silicon Valley is as an IT hub for the US. That green technology hub can happen here in Ontario.

Mr. Lou Rinaldi: Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Perruzza. If there's anything additionally you'd like to provide in writing, you have until 5 p.m. on Friday.

Mr. Sandro Perruzza: Thank you very much. Good day.

FOOD AND BEVERAGE ONTARIO

MAPLE LEAF FOODS INC.

The Chair (Mr. Peter Z. Milczyn): Our next presenters are Maple Leaf Foods. Good morning, gentlemen. You have up to 10 minutes for your presentation, followed by five minutes of questions from the Progressive Conservative members. If you could please state your names for the official record as you begin.

Mr. Norm Beal: Yes. Good morning. My name is Norm Beal. I am the CEO of Food and Beverage Ontario. Today you get two for one: You get the CEO of Food and Beverage Ontario and the gentleman sitting next to me.

Mr. Rory McAlpine: I'm Rory McAlpine, senior vice-president of government and industry relations for Maple Leaf Foods.

Mr. Norm Beal: I'm going to kick it off. I'm going to try to keep our opening remarks rather brief so that we have more time for questions and comments after.

Food and Beverage Ontario, for members on the committee, is the go-to organization representing the food and beverage processing industry in the province of Ontario. We represent large, small and medium-sized members across all the food and beverage subsectors in the province. That's dairy, chicken processing, meat processing, bakery, you name it. We have a large membership and quite a significant board of directors. I have passed out just a brief presentation in my deck with some of the logos of the companies that we represent.

I'm here today to talk not only about the significance of the food and beverage processing sector, but also some of the key issues that we're facing going forward. After I'm done, I will turn it over to Rory to highlight some of those issues. But first of all, I want to point out that Ontario's food manufacturing sector is the third largest in North America, behind California and the Chicago, Illinois, network. It provides over 3,000 processing businesses in the province, generating over $40.7 billion in revenue and over $10 billion in export revenues.

In the last five years, we've seen over $1.4 billion in capital investment in our sector, and we account for 14% of Ontario's total manufacturing revenues. We generate over 130,000 direct jobs and over 174,000 indirect jobs.

The industry tends to be recession-proof—we did not see a decline in our revenues over the course of the 2006 recession—and we have significant growth potential.

You're all familiar with the Premier's growth challenge that she launched in 2013. It's a stretch target to grow 120,000 jobs in our sector by 2020. We fully support that target and are working hard to try to achieve it.

That being said, there are some challenges, some headwinds that we are facing within our industry. I can imagine you've heard of a few of them, starting off with the climate action plan, cap-and-trade, and the way that cogeneration is being treated under those new programs. Certainly, electricity pricing is an issue that our industry is grappling to address. We're also in the process now of the Changing Workplaces Review, and we're somewhat concerned with some of the recommendations that have come down in the draft report.

We are now also grappling with a new Waste-Free Ontario Act, which now has our industry bearing 100% of the cost of waste diversion.

There's of course the new provincial food waste strategy.

The transportation and infrastructure in this province, as you all know, is creating billions of dollars of added cost to our industry.

Regulatory burden will always be a constant concern, although the government is trying to address that through its recent Red Tape Challenge, which, frankly, up until I think the end of November was focused on the food and beverage processing industry.

We have a serious workforce shortage in this province. We want to grow the industry by 120,000 jobs, but, frankly, we don't have the skilled people out there in our industry to be able to fill those jobs when they materialize.

Finally, we have challenges grappling with how we integrate new innovation and new technology into our businesses going forward. In order for us to remain competitive, that's going to be an absolute necessity.

I'll turn it over to Rory here to talk about some specifics as they relate to our processers.

Mr. Rory McAlpine: Thank you, Norm, and thank you, committee members, for the chance to present to you. I wanted to put a little more specificity on at least one issue that's facing food and beverage manufacturers in Ontario, and that is the price of electricity.

Maple Leaf Foods is a well-established, long-established manufacturing business in Ontario. As of today, we have 13 plants in the province. We employ 5,100 people. That is actually down over the last few years, but what it reflects is an enormous capital investment in modern, technologically advanced plants that, in fact, do employ fewer, but do so at a much higher level of productivity, efficiency and, ultimately, potential for growth.

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We, unlike many other food manufacturers, have made the decision to remain fully committed on this side of the Canada-US border. In the last five years, we've spent nearly $600 million in new capital just in our plants here in Ontario.

I simply wanted to put a focus on the electricity pricing issue because it's very material to the operating costs of any manufacturing plant, such as ours, which involve cooking and freezing—energy-intensive processes. In 2016, we consumed 124 million kilowatt hours of electricity at an average rate increase of 2.4 cents a kilowatt, so that meant that our electricity price to run these 13 plants increased by 18% in 2016, reaching nearly $20 million. That is factoring in the Industrial Conservation Initiative, which does apply a rebate to our largest plant, the new facility in Hamilton, Ontario.

I think anyone would agree that 18% is a large increase. It's not only that; it has been highly unpredictable, because this is all driven by the global adjustment. We're pretty sophisticated in our ability to forecast, budget and hedge commodity price variations, and we do that in respect of our energy needs, but we simply can't very well predict what that global adjustment will be, and the result is that our business is impacted to that extent.

What I wanted to mention, though, is that we've benchmarked our Ontario pricing to other jurisdictions. We have plants in four other provinces: Quebec, Manitoba, Saskatchewan and Alberta. We know exactly what the electricity rates are for our plants in those provinces, and we also looked at the rates that are available in Michigan and New York state, and compared exactly what we spent in 2016 with what we know of the rates in those other jurisdictions.

In summary, the savings we could enjoy if we'd moved all these plants to these jurisdictions—in the case of Manitoba, it would have been a 65% saving on our electricity bill, if we had operated in Manitoba instead of Ontario. That's the highest; it goes down. The lowest benefit would have been 38% if we'd moved to Saskatchewan. If we'd moved these plants to New York state, we would have saved 47%.

I think the point is that this is material, and it is of course before cap-and-trade comes into effect this year. We see now the impact that could have on our fossil fuel prices for our business and for the gas that we use for the transportation that we need to operate this plant.

There have been a number of initiatives promised by the government to address this. Expanding the Industrial Conservation Initiative is one of them. Our concern is that medium-sized plants—the so-called "class B" ratepayers—will now simply have to bear more of the costs to offset the benefit or the increased availability of this subsidy for the larger users.

In summary, it's a significant issue. I'd be pleased to answer any questions that you have about that or any of the other regulatory or business operating issues that we're facing today in any of the areas that Norm mentioned.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. McAlpine. Mr. Barrett: up to five minutes.

Mr. Toby Barrett: Thank you for the presentation from both organizations. You've made it very clear, Mr. McAlpine, the cost of electricity. The one unfortunate part—I know business does not like uncertainty, and you talked about the unpredictability. I know you spend so much time following commodity prices and trying to plan; there are so many factors involved there. Is there any way that our electricity system, as they continue to jack up rates, can at least give you forewarning so that you can plan for the coming year or the coming quarter?

Mr. Rory McAlpine: Well, I guess I would say that it's frankly very complicated. I'm not in the part of the business that is trying to maintain an eye on this specifically, but it does feel to me—I say this even as a homeowner trying to make sense of the electricity bill—very challenging. Somehow, we need to simplify the system.

We appreciate that Ontario has made some deliberate choices, and as a company fully invested in sustainability we support the idea of greening our energy system as best we can, but we have to do that with an eye to the competitive consequences. We do fear that with developments south of the border, this cost disparity is only going to grow; it's not going to get better.

So I guess, in summary, it would be to simplify and to give us that kind of predictability such that as we plan year to year, we can make the right decisions.

Mr. Toby Barrett: I know oftentimes the answer from the present government seems to be to subsidize, if I could use that word, certain corporations that are having trouble. We certainly heard in Dryden and Sudbury, on this tour, the predicament that northern industries find themselves in, and they do request additional help. But it sounds like that additional money comes from the existing industrial ratepayers. Is that how that system works?

Mr. Rory McAlpine: We've addressed or asked of Minister Thibeault the question of what we can expect, that question of how expanding the Industrial Conservation Initiative for larger users would work. Our understanding is there's the possibility that some of the money from the green energy fund or the cap-and-trade climate change action plan could be used to offset any negative consequence for the class B. I guess that would be positive, given that we have both large and medium-sized plants in both of these categories.

But my concern would be—obviously, I speak to you as a larger player with a fairly sophisticated business and planning—the fact is, the vast majority of food manufacturing in Ontario is by small companies. They're low-margin; they live on a seasonal basis in many cases. They don't have nearly the flexibility, and they have high labour costs, so anything you add to their operating costs—particularly, as I say, if it's unpredictable—can be devastating for a smaller business.

Mr. Norm Beal: If I could just add to that as well, the growth in our industry is going to come from the small and medium-sized producers. They're the innovators; they're the ma-and-pa operations that are growing from 10 employees to 100 employees to 250 employees. Those are the ones that I think are at highest risk, relative to electricity. They don't have the sophistication that a company like Maple Leaf Foods does to manage that risk, whether it's hedging, whether it's long-term planning, that sort of thing. These are the companies that I'm very worried about. They're going to be our job drivers in the future. If they leave, if they pick up stakes and move somewhere else, then we're going to lose the benefit of not only their innovation but also their entrepreneurship and their ability to grow the industry. There is no safety net for those companies. We're hoping that through the climate action plan, there will be some recognition that those industries do need some help, those companies. But it's a significant risk.

I can tell you that a year ago, I'd get a call maybe once a month from a small-to-medium-sized company saying they were concerned about electricity rates. Now that's happening at least once or twice a day. I'm getting comments now all the time that, "You know what? We've had enough. We're starting to look at the alternatives south of the border." That's a scary thing, and I think that's something we need to be concerned about.

Mr. Toby Barrett: Many of your members are multinational companies like Maple Leaf. I'm assuming that Maple Leaf already has a presence in Manitoba, where your electricity costs—you can save 65% if everything was in Manitoba. It's not very far to go to Michigan and New York, where you can save—I see in Michigan, it's 39%, and New York, 47%. Maple Leaf and your other brands are well respected and have been around forever, but what's to prevent so many companies from just closing the branch plant in Ontario and running the one in Ohio, or moving to where they export?

Mr. Rory McAlpine: Well, that's it. As Norm says, where I see the challenge is for the company that's ready to scale up. They've achieved enough success in the market that they need to build a new plant. I'm one that gets calls weekly from Indiana, from Wisconsin, from Michigan, states that are constantly trolling the Ontario manufacturing sector to entice you south.

Obviously, Maple Leaf, as I say, made a big bet on this side of the border. We're very proud of that, and that's not going to change. But for that company, that family-owned business, that's ready to make the next move because they've been successful here but need a bigger plant, now you really do the math on what your operating, labour and regulatory costs will be. Then the challenge is—if I understand it, we've already had at least one major greenhouse operator, who was ready to move, now moving to Ohio. I think there are others that are going to be at that point. So you're not going to lose Maple Leaf, but you're going to lose those smaller businesses that are ready to grow and create more jobs.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all of our time for today.

Mr. Norm Beal: Thank you.

The Chair (Mr. Peter Z. Milczyn): If there's anything further that you'd like to provide in writing, you have until 5 p.m. this Friday.

Mr. Rory McAlpine: Thank you.

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ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Mr. Peter Z. Milczyn): Our next presenters are the Ontario Coalition for Better Child Care. Good morning. You have up to 10 minutes for your presentation. It will be followed by up to five minutes of questions from the New Democratic caucus. If you could please provide your name for the official record as you begin.

Ms. Carolyn Ferns: Thank you for having me this morning. My name is Carolyn Ferns. I'm the policy coordinator at the Ontario Coalition for Better Child Care.

The Ontario Coalition for Better Child Care is Ontario's central advocacy group for a universal, affordable, high-quality system of early childhood education and care. We were formed in 1981. We're a member organization comprising a number of non-profit child care centres across the province, local and provincial groups, and individuals from right across Ontario. Our members are early childhood educators; they're parents; they're centre directors; they're trade unionists and social activists. Most importantly, we're all people who care about child care.

This is my third year presenting to the committee, and I always start by talking about the economic rationale for supporting child care. I feel that case has been really well made now, so I'm just going to highlight a couple of pieces of research.

Child care makes strong economic sense, and it joins other long-standing arguments for funding child care, including benefits to child development, poverty reduction and work/family balance. But the economic case—there has been research internationally and around Canada showing the ripple effect that child care can create in local economies. Research in Manitoba found that every dollar invested in child care generates $1.58 worth of local economic activity. Meanwhile, studies on Quebec's affordable child care program have shown that government spending on child care is actually returned, and that there was an annual net gain of over $200 million to the provincial government for their spending on their affordable child care program.

But I want to highlight another rationale for investing in child care, one that we've heard a lot about over the last year here in Ontario, and that's about closing the gender wage gap.

In 2016, Ontario's gender wage gap steering committee travelled around the province holding public town hall consultations to grapple with how to close the province's 30% gender wage gap. At these consultations, the committee found that child care was the number one issue that was raised by Ontarians, both by mothers and by the early childhood educators who came out to these sessions. In its final report, the committee made child care its first and second recommendations for action, calling on the government to immediately build a system that is "high quality, affordable, accessible, publicly funded and geared to income, with sufficient spaces to meet the needs of Ontario families."

Following that recommendation, there was action by the government. I think we know where it's going on right now. We have consultations happening around the province on expanding child care. Ontario's 2016 throne speech promised to create 100,000 new child care spaces for children zero to four years. It's a bold commitment—we strongly support it—and it has the potential to transform Ontario's child care system, but only if we invest strongly and we build wisely.

Adding spaces alone, even a large number like 100,000 new spaces, doesn't in itself achieve system transformation. It only replicates our current patchwork on a larger scale. To truly achieve a child care system that works for Ontario families, we need action that makes child care affordable for every family that needs it, and makes programs sustainable so they're not struggling to keep their doors open and struggling to pay their educators decently.

I think affordability is a huge question that Ontario needs to grapple with. In child care, we know that Ontario has the highest child care fees in the country, and they continue to grow, outpacing inflation. This is a serious pocketbook issue for parents. I have parents calling our office every week, talking about the struggles that they face paying for child care.

A recent report on child care across Canada found that eight of the 10 most expensive cities for child care are here in Ontario. If you compare the $990 that an Ottawa parent pays for a preschool space to the average fee of $179 right across the river in Gatineau, Quebec, it's a huge burden for parents here in Ontario struggling to pay those child care fees.

This has a real implication for the expansion of child care in the province, because it's really important that we grapple with the issue of affordability as we expand the system.

In October, there was a report for the city of Toronto called the demand and affordability study that showed that child care was unaffordable for a full 75% of Toronto families. The report theorized that even if you added new spaces into the child care system—if you left things as they were but just added new spaces—those spaces would be left empty. Parents wouldn't be able to use them because they wouldn't be able to afford them. But if spaces were made affordable for families, there is a huge surge in demand for child care.

So there's good evidence to suggest that Ontario's fee subsidy system, the current way that we deal with affordability, is no longer the best way to address the issue. It's a broken mechanism. It leaves too many families struggling to pay the full fee for child care, or languishing on the waiting list—parents who qualify for a fee subsidy but just cannot get one. They're on a waiting list for it. We need a new approach. The Ontario Coalition for Better Child Care and many in the child care community say that approach needs to be an affordable, geared-to-income fee scale.

At the same time as making child care affordable for more families, we need to look at sustainability of programs. It's excellent that we're thinking about and we're working toward creating new spaces, but we also need to think about the sustainability of spaces we have now. So we need to look at a public planning process that ensures that new spaces are where they're needed most, and that programs, both new and old, are well supported to provide high-quality care for our families.

Given the high need for child care here in Ontario, we think that funding for the capital expansion—the 100,000 spaces—should be front-loaded so that spaces can be created immediately and begin to make a real difference for families. Together with a plan for affordability for parents, child care centres need base funding to provide quality care for our families without relying on those high parent fees.

Also, we know that there is no provision of high-quality child care without the child care workforce. This workforce continues to be undervalued and underpaid; this was a huge issue at the gender wage gap consultations. We know that despite having diplomas and degrees as a professional workforce, nearly a quarter of registered early childhood educators make less than $15 an hour. That's a real shame. We need a workforce strategy that ensures that educators have decent work and professional pay. We recognize that working toward this goal of transformation of the child care system is not something that can happen instantly; it's a multi-year process. The government has estimated a five-year timeline for expanding the 100,000 spaces, but there's much that can be done in this immediate budget year.

Based on the government's estimates of the capital costs over five years, we suggest committing at least $500 million in capital funding to year one of the expansion, to begin to make a real difference in the availability of spaces, and $300 million in new operating funding to keep pace with the expansion of spaces as needed to support services directly, and to kick-start that process of system transformation.

Also, funds are needed to address the immediate crises that are faced by programs that are facing closure and problems with financial viability.

Moving to an affordable fee scale from the system we have now is not something that can be done overnight. I think that this year, though, the province should commit to moving from our current broken fee-subsidy system to an affordable sliding fee scale and begin to work immediately to design an affordable model that works for all Ontario families.

We need a provincially established workforce strategy to ensure professional pay and professional work for educators no matter where they work in the child care sector, and all funding should be indexed to inflation.

Finally, we need funding and resources to support system infrastructure, including data and research. This is really important to get right from the outset so that we can see, as we build, what's happening in the system, where we need to work, what's needed for quality improvement and what's needed for further space expansion. We need that support for data and research.

Thank you very much. I'm happy to take questions.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. Mr. Vanthof.

Mr. John Vanthof: Thank you for coming in today. Yes, we've often heard in the Legislature that the government is going to create another 100,000 child care spaces. Our response has often been—and I think you would share our questions—"Are they affordable?" Because if the families can't afford the child care space—you can create 200,000 if people can't use them. So I think you've put a highlight on affordability and also sustainability, because if they're not affordable, they're not going to be sustainable either because they're going to disappear.

So how does non-profit child care fit into your mix?

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Ms. Carolyn Ferns: We think that public and non-profit programs should form the core of child care services, and those are the programs that need that, as I talk about sustainability—we need to look at how to fund those better.

On top of what I was talking about around dealing with affordability, the way things are now, for a centre to stay open, they're relying on those high child care fees. So if we make child care affordable, we need to deal with base funding for non-profit child care programs. Otherwise, they will close. You have to do those two pieces together. You can't just say, "We're going to make an affordable fee for everybody," and let the sector sort it out. That won't work, so we need to deal with, really, what are the funding needs to have a successful, quality program and how can we support that happening, both for new programs—there's been lots of focus on new programs—and for existing programs that really do struggle just to keep the doors open? I would say that includes public programs as well, because we know around Ontario that many municipalities have decided to get out of the child care sector. That's a real shame, because those are actually some of the highest-quality programs that we have. So we need to be supporting non-profit child care and we need to be supporting public child care programs.

The coalition has long held the position that in the expansion of child care, we need to limit expansion to those two sectors and not expand for-profit child care, because we know that to provide quality care, there just is not room to make a profit.

Mr. John Vanthof: I noted in your presentation that most of the highest-cost cities in the country to get child care are in Ontario, and there's a stark difference—and we all know there's a difference—between Quebec and Ontario, with your example of Ottawa and Gatineau. Are there any other examples of provincial programs in the rest of the country that it would be a benefit for us to look at?

Ms. Carolyn Ferns: If you look at the numbers that the Canadian Centre for Policy Alternatives collected in that fee study, you'll see that Quebec is low, but then, Winnipeg and Manitoba generally are lower; so is Saskatchewan, so is Prince Edward Island. That's not just because of cost of living; that's actually because they regulate the fees. Those provinces have started to look at how to limit the cost for parents, and that's what makes a difference. Left on their own, fees will go up and up. That same study showed that fees are actually rising three times faster than inflation. The only thing that really makes a difference is public policy. That's what we need to do here in Ontario.

Mr. John Vanthof: So it would be a combination of perhaps regulation and increased public support.

Ms. Carolyn Ferns: Absolutely.

Mr. John Vanthof: Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation. If there's something you'd like to add further in writing, you have until the end of the day on Friday to do so.

Ms. Carolyn Ferns: Thank you very much.

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

The Chair (Mr. Peter Z. Milczyn): Our next presenters are the Ontario Undergraduate Student Alliance. Good morning. You have up to 10 minutes for your presentation, followed by five minutes of questions, in this case, from the Liberal caucus. If you could please state your names for the official record as you begin.

Mr. Jamie Cleary: Good morning. Thank you for having us. My name is Jamie Cleary and I'm the president of the Ontario Undergraduate Student Alliance, or OUSA for short.

Mr. Zachary Rose: I'm Zachary Rose. I'm the executive director of OUSA.

Mr. Jamie Cleary: Starting off, thank you again for inviting us here today to speak on behalf of 140,000 undergraduate students over eight student associations from across the province of Ontario.

As you all know, our universities are facing a number of external challenges from both economic demands and demographics, but they're also facing some internal challenges as changes are made in important areas, including a redesigned funding formula and a significantly reformed financial assistance program. However, one thing that hasn't changed is how important higher education is to the province of Ontario.

The economy of the future will require a highly educated workforce. An often-cited report predicts that in the next 15 years, the number of Canadian jobs requiring higher education will be approximately 77%. For this reason, it's critical that the province supports students throughout their university careers.

I will be providing our full submission in writing to the Clerk of this committee by the end of this week, but we'd like to take the time today to highlight a few recommendations in four areas that our students have identified as priorities.

Mr. Zachary Rose: First and foremost, OUSA recommends that the government convene an expert panel to examine and make recommendations regarding the collection, availability and accessibility of university data that is itself related to access, experience and graduation outcomes. The reasoning behind this is that it's well known that there's a shortage of clear and consistent data in our higher education sector. Some information exists, but isn't reported; some is reported, but it might be reported in different locations or in different formats, depending on who is publishing the data; and some of it, to our knowledge, isn't collected at all.

The panel that we suggest would be the first step in solving this problem. Modelled after the 2015 panel on the highly skilled workforce, the ultimate goal of this group would be to provide recommendations to bring us closer to the measures described in Bill 76, the Pathways to Post-secondary Excellence Act. This bill, which OUSA has supported, calls for the centralized publication of program-by-program information related to accessing university, succeeding in university and transitioning into the workforce or further studies after university, after graduation. Having all this information available in a central location in an accessible and digital format would increase transparency in the sector, while also being useful to students, prospective students, their parents, their families and policy-makers alike.

Mr. Jamie Cleary: OUSA students are also asking that the province continue its work on preventing and responding to sexual violence on campuses. The government recently required universities to have stand-alone policies addressing sexual violence on post-secondary education campuses. This is an excellent step.

OUSA believes that for the next step, the government should take a similar leadership role in guiding universities towards robust sexual violence prevention training practices. In order to accomplish this, we suggest that the Ministry of Advanced Education and Skills

Development create a permanent sexual violence prevention unit. This unit would liaise with universities, the Ontario Women's Directorate and other groups, and it would also employ experts in the gendered violence field, as well as researchers and program evaluators, to help develop and disseminate practices.

The problem requires a number of approaches, but best practice exists and must be promoted. As research shows, it's not only that some training may be ineffective, but it can actually spread misinformation and cause increased instances of sexual violence on campuses.

Mr. Zachary Rose: Work-integrated learning is another ongoing priority for our students. Many sources at this point have documented the benefits of work-integrated learning and its relevance in easing career transitions.

Other than the obvious benefits of introducing students to employers through a co-op or internship, or giving them a work experience for their resumés, these opportunities, which bring work practices and work-related skills into the curriculum, can demonstrate to students how their learning can be applied. It teaches them how to recognize and articulate the skills that they're developing throughout their educational experience.

One option for the government that we're recommending would be to create something similar to the Credit Transfer Institutional Grant, which was developed several years ago to provide financial support on a university level for student mobility credit transfer learning pathways. This work-integrated learning institutional grant could provide funding to institutions in a similar way for specific initiatives toward pre-defined goals, such as increased partnerships with employers, transparent and accessible information for students, or whatever else might be warranted and negotiated in the ultimate service of increasing the number of work-integrated learning opportunities that are available.

The institutional nature of this grant would allow each university to determine the best way to promote work-integrated learning on its own campus. It would promote a broad range of opportunities, including job shadowing, undergraduate research opportunities, service learning and other forms of work-integrated learning.

Mr. Jamie Cleary: Lastly, we wish to discuss the various student services on our university campuses which enable students to overcome the various non-financial barriers that they'll face. Indigenous student services, career services, international student centres, offices for students with disabilities, academic advising and mental health services are essential and require support. As the province pursues differentiation through the next round of strategic mandate agreements, the funding formula can leave room for certain institutions to be rewarded for making strides for access and student services.

While OUSA agrees with rewarding schools that are leaders in these areas, we also want to ensure a minimum standard across the board. To this end, we hope there will be guaranteed and sufficient funding available to support these services through envelope funding and special purpose grants.

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We believe this will leave room for differentiation and negotiated agreements to incentivize institutions that have already proven their strength in providing an enriching experience for all students while also allowing the government to directly ensure that for schools focusing on other areas, such as research, a minimum standard of excellence can be maintained system-wide.

Mr. Zachary Rose: The four areas that we've covered today reflect the current priorities of Ontario's undergraduate students. We will be discussing these in more detail in our full submission, which we'll be making available before 5 p.m. on Friday.

Though Ontario universities face some challenges, students are excited about the options available to us to improve information on data in the sector, contribute to combatting sexual violence on our campuses, promote and broaden work-integrated learning opportunities, and support the critical services on our campuses.

We're happy to take questions. Thank you very much.

The Chair (Mr. Peter Z. Milczyn): Thank you very much.

Questions? Mr. Baker.

Mr. Yvan Baker: Jamie and Zach, thanks so much for being here again today. It's great to see you.

I wanted to start by thanking you for your work and your advocacy. I think the work OUSA has done for the past number of years, but which your team in particular has done over the past year, has helped us shape post-secondary in this province and will continue to do so. Thank you for your excellent suggestions; I think those are great.

I wanted to also thank you for your support of Bill 76. I'd be remiss if I didn't say that here. Obviously, that's a bill that I presented in the Legislature, and I feel very passionate about it. Both of you and OUSA have been strong advocates and supporters in furthering that cause of ensuring that students have access to the information that they need to make informed decisions about their post-secondary choices. As you know, I think it's so important that when students make one of the most important decisions of their lives—in other words, where they're going to pursue their post-secondary education—they have the information at their disposal to be able to make that decision in an informed way, because it will shape their post-graduation outcomes and, ultimately, their health, prosperity and happiness. Thank you very, very much for that.

I wanted to ask you, first of all, about one of the policies that OUSA helped shape, which is the government's reform of student aid in Ontario. Actually, just this past week, one of your representatives, Colin Aitchison, joined me at a presentation at Silverthorn Collegiate in Etobicoke, where we presented this new policy to the students.

I'm wondering if access to this program is dependent upon students knowing about it. I guess my question to you is, do you think students are aware of this, and what else can be done to make sure students are more aware, if necessary?

Mr. Jamie Cleary: I can talk about a couple of things. I think it's important to recognize that while students on our current university campuses might be aware of the program, if they're reaching the end of their degree, they're not going to have access to the program, which is why I think we've seen extensive outreach to parents and families and groups such as that.

One of the things OUSA is starting to look into, and we have been working with the ministry on, is how we can address access from different learner segments. As they're going throughout childhood, there are different ways that you should be reaching out to a student to let them know about financial aid that's available to them. We're excited to work through that, but I think we need to look at it not just from a holistic view of how we are outreaching, but instead, how we are reaching out to students when they're in the first grade, and how you are letting families know about the program, compared to how you are reaching out to a student who's in the 11th or 12th grade and has made a decision about where they're going and are now worried about paying for that education.

I think there is a variety of means that we need to look at for how we're letting students know that they can access post-secondary. We're excited to continue on that process.

Mr. Zachary Rose: I would just add that I think the wisdom in trying to get the word out to students has always been to go where they are. I think we've seen this government try to do that with targeted commercials for social media, for YouTube, that are going to be where students will see them.

Jamie brings up an excellent point with learner segments and really building awareness of financial assistance into the early outreach that we already do.

I would also highlight guidance counsellors in particular as an area that would need to be briefed on this, because that's where students who have questions are likely to go. Making sure that guidance counsellors and advisers of all stripes are brought into this and briefed on this would be a strategy to pursue, for sure.

Mr. Yvan Baker: I appreciate it.

Chair, how much time do I have left?

The Chair (Mr. Peter Z. Milczyn): Just over a minute.

Mr. Yvan Baker: Just over a minute.

On that, the reaction at Silverthorn, I'm sure, was representative of what we would see across Ontario to the new OSAP, as it's being called. It was really, really positive. Students were really excited. So I appreciate your help on that, and your advice on making sure that students do know about it and take advantage of it.

The second thing I wanted to ask you about is two of your recommendations, the first one around availability of information for students when they make post-secondary choices, and work-integrated learning. In my mind, both of those help in a number of ways, but one of the ways in which they help is with post-graduation outcomes. I guess my question to you is, do you agree with that? And if so, how do you think both of those can contribute to better post-graduation outcomes?

Mr. Zachary Rose: I think you're probably right in that they definitely contribute to post-grad outcomes. On the data side of things, that's really about making the right choice for you as early as possible so that you are pursuing the graduate outcome that you want and giving yourself the best shot. I think there is absolutely a role for it to play there.

In terms of work-integrated learning and post-graduation outcomes, we know it leads to a better likelihood that you'll find a job sooner, in a shorter time frame, as well as earnings potential; we know that goes up for students who have done work-integrated learning. As well, just the satisfaction with the overall education experience goes way, way up for students who have engaged in work-integrated learning.

I think both of those things definitely allow students to really maximize their educational experience.

Mr. Yvan Baker: That makes sense. I just know that what some folks have told me about your recommendations about work-integrated learning, in addition to what you've said, is that it helps students gain experience in an area, and determine whether they actually want to pursue that further or not. In many cases they may choose to pursue it further; in many cases it may be an opportunity for them to realize that that's not what they want to do.

The Chair (Mr. Peter Z. Milczyn): That's all of our time for today.

You mentioned that you will be submitting something additional; you have until 5 p.m. on Friday to do so.

Mr. Zachary Rose: Great. Thank you.

HEALTHCARE OF ONTARIO PENSION PLAN

The Chair (Mr. Peter Z. Milczyn): Our next presenters are the Healthcare of Ontario Pension Plan. You have up to 10 minutes for your presentation, which will be followed by up to five minutes of questions from the Progressive Conservative caucus. If you could please provide your names for the official record as you begin.

Mr. Darryl Mabini: Thank you, Mr. Chair and members of the committee. I appreciate the opportunity to speak with you today. My name is Darryl Mabini, senior director of growth and stakeholder relations at the Healthcare of Ontario Pension Plan. I'm joined by Victoria Hubbell, the senior vice-president of strategy and stakeholder relations at HOOPP.

Established in 1960, HOOPP is a defined benefit, shared-risk plan that represents 300,000 working and retired health care professionals across Ontario. We are the third-largest pension fund in Ontario, with $64 billion in assets.

Because HOOPP is a defined benefit, shared-risk plan, we are not backstopped by the government, and we are proud to say that we are fully funded at 122%. We have a proven record of achieving excellent returns while balancing risk, such that 80 cents of every dollar paid to our retired members comes from our investment returns, not from taxpayers. In other words, we deliver on our pension promise to ensure that our members can enjoy a secure retirement regardless of how long they live or what the economic environment is.

When it comes to understanding why pensions are important to all Canadians, including Ontarians, the numbers speak for themselves. Public polling shows that 86% of Ontarians believe there is an emerging retirement crisis, and that a third of Canadians hope to win the lottery in order to fund their retirement.

Today, more Canadians expect to work past 65 than to retire full-time, which represents a real shift in our society. The idea of retirement as we know it is changing fundamentally. Already today, 3.6 million members of Canada's workforce are over the age of 65. How will the Ontarians in this growing cohort support themselves financially once they are either no longer physically able to work or no longer employable in their fields?

Traditionally, Canadian workers could rely on Canada's retirement system to create income stability in retirement, a system made up of government benefits, workplace pensions and private savings. Workplace pension plans, however, have been on the decline for decades, and fewer and fewer Canadian workers have access to a workplace pension. In 1977, nearly half of Canadian paid employees belonged to an employer pension plan. In 2014, that number fell to 33%.

HOOPP supports the strides made by the recent expansion of the CPP program, which increases the maximum level of pension earnings by 14% as of 2025, but government benefits like CPP, OAS and GIS, which help provide a level of retirement security, may still not be enough to fill the gap left by shrinking workplace pension coverage.

Without adequate workplace pensions or government benefits, Canadians are left to make up the shortfall through private savings, ideally taking advantage of vehicles like RRSPs and TFSAs. However, data consistently shows that we aren't saving enough, either by choice or because we have too little left over to save after all other expenses are covered. In fact, approximately half of the households in Canada aged 55 to 64 and heading toward retirement without an employer pension have almost no private savings.

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It is striking, and we know from our own research, that those without workplace pensions save much less for retirement than those who do have a workplace pension. Research done by HOOPP in 2014 shows that two thirds of people in Ontario say they're worried they won't have enough money to retire on. Many are concerned that the type of pension plan they do have won't actually be enough to cover their basic living costs.

While retirees are faring better than working Ontarians expect to, more than one quarter have reduced what they spend on food and 20% have reduced their use of medical services or prescriptions due to inadequate retirement income. One third have also reduced their community involvement.

Living longer is something we all want to do, and we need to plan for it. Living longer means that as time goes on, Ontarians will need to save more during their working lives, with or without the support of pensions they can't outlive, while low-income seniors will have to depend longer on government assistance. In short, working Ontarians will need to generate more retirement income in preparation for a longer retirement and a longer life.

A recent study we conducted with the University of Toronto shows that living longer means that more Ontarians will live to 85, at which point the probability of becoming severely disabled increases significantly. Twenty-five per cent of women and 15% of men aged 85 and over are severely disabled, which means much higher health care spending and an increased need for caregiving from unpaid family members and/or paid home care professionals. By 2038, we expect there to be nearly two million seniors aged 85 and over in Canada, more than double the current 788,000 in 2016.

The study also demonstrates that approximately 322,800 Canadians aged 85 and over have inadequate retirement income, once their long-term-care costs are factored in, which could grow to 815,500 people by 2038 if factors remain unchanged. For example, the percentage of women 85 and older with inadequate retirement income rises from 25% to 44% once long-term-care costs are taken into consideration.

The story is similar when we look at those seniors who have negative income replacement rates. Today, there are approximately 85,000 seniors who fall into this category. By 2038, that number can increase two and a half times, again if factors remain unchanged. Add to the fact that every year more Ontarians will become net dependants on public support and relatively fewer Ontarians will be working and paying for those services, and we have the makings of a demographic crisis.

At this point in the story, having talked only about expected increasing costs, we can see that individually and collectively, we have good reason to be concerned about our ability to pay for more people living in retirement for longer. The lower income you have, the more likely you are to not adhere to your medical prescription, and as such experience a cost related to non-adherence. On average, 10% of Canadians who received a prescription had a cost related to non-adherence. For those on a low income and without health insurance, that likelihood increases to 35%. As costs rise, retirees will start to reduce out-of-pocket health care expenditures through different devices, like pill splitting or forgoing necessary care altogether. This will lead to worsening of chronic conditions and higher publicly financed health care costs down the road.

Not only do workplace pensions support the larger economy but also smaller, local communities through consumer spending. A 2012 Boston Consulting Group study showed that benefit payments translate into over $27 billion a year in spending in Ontario. Workplace pensions also reduce Ontarians' dependency on low-income supplements. Some 45% to 50% of senior citizens without a defined benefit pension look to the government for financial support through GIS payments, while only 10% to 15% of defined benefit pensioners utilize GIS. Further, the impact of senior poverty is most felt by particular groups, including women and low-income people, raising equity concerns.

Donna, a retired HOOPP member, summarized her experience when she wrote:

"Quite honestly, it means the difference between whether I eat or not. It is that simple. When I was 48 I had a dream job, but it was for a private health care organization and it did not provide any options for pension except RRSP. Since I was raising two children on my own, I needed every penny I earned and had little or none left for any RRSP. I found" a job "in northern Ontario and moved to take the job in my early 50s, which offered a HOOPP pension. I ended up having to retire early due to health problems and ended up with less of a pension than I had hoped. But now, at age 70, I have managed to keep my home and my car which my government benefits, social security and OAS cover, but if it were not for what I do get from my HOOPP pension, I would not have enough left each month to eat properly. And I know I can rely on it. Being diabetic, this means more to me than I can express. My mind is still sound even if my body is not, so I am keenly aware of what would happen to me if not for my HOOPP pension."

In conclusion, HOOPP is speaking out on retirement security to ensure that our 300,000 members, and all Ontarians, can retire with dignity.

Mr. Chair, members of the committee, we're calling upon the government and the opposition members to do what we all need to do now, and, in partnership, to maintain what retirement security Ontarians currently have to ensure that Ontarians can continue to have the standard of living they do today. We believe that, building on the recent CPP enhancement, policy-makers should examine further means to strengthen retirement security for all Canadians and to undertake additional efforts to ensure that those who are most at risk, such as women and low-income Ontarians, are also afforded the opportunities to have a secure and healthy retirement. To that end, DB pensions must remain part of the social safety net for Ontarians because they provide both retirement security and economic value.

We thank you for your time and would be pleased to answer any questions that you may have.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. Mr. Barrett, you have up to five minutes.

Mr. Toby Barrett: Thank you, HOOPP, for testifying. As you indicate, 86% of people in Ontario feel there's a crisis as far as retirement, and only 33% of people in Ontario have a pension plan through their employer. Of that 33%, do you have the—you talk about defined benefit and defined contribution. What's the ratio of pensions in Ontario? What per cent of the people in Ontario, this 33%, have a defined benefit and what per cent have a defined contribution?

Mr. Darryl Mabini: Sorry, I don't have that figure off the top of my head. We could get that figure for you.

Mr. Toby Barrett: Yes. I think by and large most of the government pensions are defined benefit.

Ms. Victoria Hubbell: The private sector is primarily DC. I don't have the exact figure, but I think it's about 18% that have a DB plan in the private sector. It's primarily the public sector that has the DB plans.

Mr. Toby Barrett: With many of the new labour contracts—I think the steelworkers—it goes from defined benefit to, now, new hires, for example, having a defined contribution plan. And as you say, half of the people in Ontario approaching retirement, according to these figures, don't have any employer pension at all.

You talk about enhancing CPP and a government approach. What's your view on the RSPs and the tax-free savings accounts, the kinds of things people around this table buy, for example, because we do not have a defined benefit pension plan, as you probably know? But what would be the answer for the general population in Ontario? Not everybody signs up for RSPs. Are you advocating a defined benefit for everybody, or a defined contribution, perhaps, as we see now with new management-labour negotiations, certainly in the private sector?

Mr. Darryl Mabini: So your first question on RSPs and TFSAs: They're savings vehicles. If it's a question about access to savings vehicles or to a type of pension plan, like say an RSP or a DB plan, RSPs are good for saving. But when we're talking about adequacy in retirement, RSPs and TFSAs may not provide the same level of adequacy in retirement to pay for certain costs, like the long-term-care costs or unexpected costs that may happen in retirement.

To answer your other question about are we advocating for DB plans, I think the recent movement to CPP enhancement was a step in the right direction, because CPP has characteristics of a DB plan. We think DB plans provide the level of security that Ontarians need. Because of pooling, there is shared risk, like HOOPP, and they're also actively managed by professionals.

If you were in an RSP or a TFSA or if you're actively managing your own portfolio, if you have access to advisers or if you have good knowledge of the market, then you may do well. But the likelihood of that is very small, as you know. Many of us aren't experts in investing. A DB plan like HOOPP, with our team of expert investors, does that on behalf of the members, so it's peace of mind for the retiree.

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Mr. Toby Barrett: Certainly. And I can attest, because I'm dependent on RRSPs and have been buying them ever since I started working.

You indicate in the brochure that some people believe that defined benefit plans are too expensive. Are you saying they're cheaper than the defined contribution even though unions and the private sector employers are switching to defined contribution? Why would they go to something more expensive?

Mr. Darryl Mabini: I think what people are saying when they think it's expensive—a lot of the misinformation that's out there is that the benefit payments that are paid to retirees are all taxpayer-funded. The reality is—and we'll take HOOPP, for example: 80 cents of every pension dollar is paid by investment returns and only nine cents of that pension dollar is actually their contribution and 11 cents is by the employer. In fact, if you're looking at what the taxpayer is contributing to this, it's 11 cents. The misperception is that it's 100% taxpayer-funded, which isn't true.

The Chair (Mr. Peter Z. Milczyn): Okay, that's all of our time. Thank you very much for your submission. If there's something further in writing you'd like to provide, you have until 5 p.m. on Friday to submit it to the Clerk.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Canadian Federation of Independent Business. Good morning. You have up to 10 minutes for your presentation and that will be followed by up to five minutes of questions from the New Democratic caucus. If you could please state your names for the official record as you begin.

Ms. Julie Kwiecinski: Thank you. Good morning and happy new year to everyone. My name is Julie Kwiecinski, and I'm here today with Ryan Mallough. We are both representatives of the Canadian Federation of Independent Business. Before I begin, I would like to thank all the members of this committee for their attention, and we look forward to sharing our members' views with you now.

First of all, just a little bit about our organization, in a nutshell: We're Canada-wide—109,000 members across Canada. With that, there are about 42,000 in Ontario, representing about 500,000 employees, and our membership crosses all sectors. We are 100% funded by members; that's another point I wanted to raise.

You have the presentation deck. If I can now turn our attention to slide 4, what I'd like to point out is that the vast majority of data we will be presenting today is fresh data from a CFIB member survey conducted just last week. Most of the questions in this survey relate to hydro costs, and that is because that is the number one concern of our members across the board in Ontario.

Now, slide 4—I'm just going to deviate a bit—cost of doing business: This comes from our monthly business barometer for December 2016. We want to draw your attention to this. You'll see that in this slide, 66% of respondents said that tax and regulatory costs are a major cost constraint, followed by fuel and energy costs at 60%. That's huge because energy costs have consistently ranked first or second as the most significant cost constraint to our members, but the hydro issue, I would say, in fairness, has been percolating over the last six years.

Now I'm going to turn you over to Ryan, our policy analyst, to share some of our data on our recent hydro survey.

Mr. Ryan Mallough: Thank you. As you can see from slide 5, most small businesses, like most Ontarians, have seen an increase in electricity costs over the past three years: 48% of our membership reports a large increase of over 20%, and an additional 39% reports a moderate increase of between 5% and 19%. We also opened this question up for comment, and many of our members pointed to the global adjustment to blame for the rising costs. This is something we've been hearing a fair bit over the last eight months. We had one member recently send us his bills, and between October and December 2016, his global adjustment increased by 83%, seeing his bill climb from $10,000 to $16,000, despite keeping his consumption relatively steady across the three months.

This kind of uncertainty generated by the global adjustment on a month-to-month basis has become a major issue for our members because it makes it very difficult to plan and budget, and it's having a significant impact. As you can see on slide 6, 56% of small and medium-sized businesses have been forced to increase prices; 43% have delayed investment, including new hires; and more than one in 10 have considered relocating. That number jumps to 20% when broken out for manufacturers, and 18% when broken out for those in the hospitality industry.

We're also hearing significant concerns around time-of-use pricing. Only 4% of our members report being able to adjust their consumption habits from on- to mid- or off-peak, and this comes down to business hours. Many small and medium-sized businesses see time-of-use pricing as a penalty on being open for business. A pizza-maker can't make pizzas at 3 a.m. to sell at lunch. A hairdresser can't schedule appointments for 4 a.m. They're open when they're open. They're open when customers come.

We highly recommend that the budget consider moving off of time-of-use pricing to a model that doesn't penalize businesses for their hours but instead looks at what energy they actually use.

The final area of hydro we'd like to address is billing: 56% of our members report that understanding their bills is either somewhat or very difficult. We have encouraged the government to make what goes into the various charges such as delivery known, in addition to identifying all costs on a bill, including the global adjustment. It appears on about 10% of our members' bills, but the rest don't know what it is and tend to be quite surprised when they see it for the first time.

We've also been getting calls this year on the new cap-and-trade program. Slide 9 in the deck comes from a survey we conducted last summer before the program came into effect, where you'll see that small and medium-sized businesses are concerned that they will have to raise costs, delay investment, and freeze or cut salaries as a result. We'll be watching the new program very closely to see what the impact is beyond the known increased gasoline and heating costs, but I should note that in the first weeks of the new year, we have seen a number of calls come into our business resources unit from members, and especially storefronts, on what their cap-and-trade responsibilities are and how they have to comply. We would encourage the government to spend more time educating these types of businesses on what they have to do under the cap-and-trade program.

Ms. Julie Kwiecinski: Okay, now we're going to take off from slide 10, on red tape. As you can see from this slide, it has remained a top concern and deterrent to success for our members. We congratulate the government for passing the Burden Reduction Reporting Act, 2014, and for introducing the Burden Reduction Act, 2016, which is now in committee after second reading. We also commend the government for an initiative—very popular amongst our members—known as the Red Tape Challenge. This allows our members to comment online about regulatory burdens they face in all sectors, including a number of sectors of focus.

Now, before I move on from red tape, I should point out that we'll have some recommendations on improvements on red tape for the government at the end of this presentation, but I want to put in a plug for next week for CFIB. Next week is CFIB's annual national Red Tape Awareness Week, and we have a number of things happening pretty much every day next week.

On slide 11, you can see we've asked our members—and this is a survey from Canada's Red Tape Report 2015—about the most burdensome provincial regulations. The top three were workers' compensation and occupational health and safety, HST and employment standards. You can see there's a whole bunch of others at the end of that list. Now, again, back to the recent survey conducted last week, with 2,965 responses—that's what came back from the survey. We asked, "How has the total tax burden on your business changed during the past three years?" You will see that a total of 64% said that they had either a moderate increase, 5% to 19%, or a large increase of 20% or more. That's the total tax burden.

Now, with the budget coming up, we thought of course it would be important to ask our members about balancing the budget, and you can see a whopping 60% said that the government should stick to its commitment and balance the budget in this fiscal year, 2017-18. CFIB will be watching to make sure that happens.

I should also note—although I don't have a slide for this in this presentation—that I don't think people will be surprised to learn that 94% of our members said that they are either very concerned or somewhat concerned with the level of Ontario's debt. I just wanted to point that out.

And now I will segue into our recommendations. On slide 14, we have three very succinct, high-level recommendations on hydro, with the aim to make hydro costs affordable, predictable and stable for small businesses.

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(1) Eliminate the time-of-use pricing for small businesses and implement a tiered rate system, where the first 3,000 kilowatt hours are billed at a lower rate, or allow businesses to pick their peak. That would mean adjusting their on-peak, mid-peak and off-peak hours to better address the energy demand and consumption needs of their business.

(2) Remove the debt retirement charge from all commercial bills by no later than April 1, a year earlier.

(3) Require the global adjustment to be visible on all bills, because it is not visible on all bills right now.

Moving on to regulations and paper burden—it looks like I only have about a minute left. We're asking that, in addition to calculating red tape savings, the government determine the overall cost of provincial regulations and place a hard cap on the cost of rules in the system, expand the Red Tape Challenge, and make sure that there are public consultations before acting on any recommendations that might arise from the Changing Workplaces Review.

Now, cap-and-trade: We would ask that the government create a clear communications plan under which small and medium-sized businesses would be made fully aware of and understand their obligations, clearly and transparently communicate measurements on targets going forward, and commit to annual independent value-for-money audits of all cap-and-trade programs.

Last but not least, two recommendations on government spending: deliver on the commitment to balance the budget this year and, upon balancing the budget, implement a clear plan that includes timelines to reduce Ontario's growing debt, restrained and prudent government spending and future balanced budgets.

Thank you. I look forward to my questions and those for Ryan, as well, from Mr. Vanthof.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's my job.

Mr. Vanthof.

Mr. John Vanthof: Thank you for that presentation. It was very clear and to the point, and I think that we all appreciate that.

The hydro piece—I think we've all heard a lot about it. Just from my own perception, one of my independent businesses in my riding is a foundry that uses electricity to melt metal. The global adjustment is driving them crazy. Anything that we can do—we're fully in favour with what you're recommending here, to make it much more transparent.

Ms. Julie Kwiecinski: Thank you.

Mr. John Vanthof: As a dairy farmer by trade, you can't pick when the cows are getting milked. Even with the new computer technology, the cows pick themselves. When it's very warm, you have to run fans. Again, farmers and independent businesses, like farms and all kinds, can't control when they use the power. Time-of-use pricing creates a huge problem for many businesses, and I'm glad that you clarified that.

Now for a question—and it's more on red tape because, as a business person, all business people hate red tape. On page 11, you say that the most burdensome are workers' compensation and occupational health and safety. Could you give us some examples? In order to fix this, we have to have some examples, other than the fact that, overall, business people just don't like it.

Ms. Julie Kwiecinski: Do you mean a specific example from a member?

Mr. John Vanthof: Yes. I'll give you an example. It has nothing to do with workplace health and safety, but take a farmers' market. Vendors at a farmers' market can sell homemade jams and stuff. Next door in Temagami, in the community market, the same vendors can't sell, because vendors' markets and community markets go under different rules, which is crazy. There's a specific example. That's one that we're working on trying to get fixed.

Are there one or two that keep coming back, or is it just an overall—

Ms. Julie Kwiecinski: Why don't I turn it over to Ryan, because he has an interesting one.

Mr. Ryan Mallough: It is very much an overall problem. It depends on the segment of business. We do hear some specific ones. We know that businesses that have to deal with, say, the LCBO have the same ones coming up.

Micro-brewing has become fairly popular in the province. Micro-distilling—craft vodka or gin makers—has also become popular. Right now, those craft distillers cannot sell directly to a restaurant.

We have an example where a distiller wanted to sell to a restaurant down the road. In order to do it, he had to have a truck come up, pick up his wares, ship it to the LCBO warehouse, and then watch that same truck come back past his own property and then get to the restaurant next door. It's things like that. Onerous forms, things that are still done on paper that could be moved online, is another big one.

Mr. John Vanthof: If 73% are very concerned about workmen's compensation and occupational health and safety—it's just the overall burden of the system?

Mr. Ryan Mallough: Yes.

Mr. John Vanthof: Nothing specific comes to mind? Because when I see something like that, I go, "Okay, there must be something."

Mr. Ryan Mallough: I can get back to you in terms of the specific examples that come into our business resources unit.

Mr. John Vanthof: I'd appreciate it.

Mr. Ryan Mallough: I know that they receive, in Ontario alone, about 20,000 calls a year, and two thirds to three quarters of those calls are on workplace health and safety and workers' comp.

Mr. John Vanthof: I'd appreciate—I know we don't have time today—a bit more detailed breakdown.

Ms. Julie Kwiecinski: Maybe we'll come in and have a meeting. We'd love to meet with you.

Mr. John Vanthof: To solve these problems, we have to know what the problems are. It's the same with employment standards, right?

Ms. Julie Kwiecinski: Yes.

Mr. John Vanthof: It's an easy one to throw out there. Having been an employer, I feel the pain.

Ms. Julie Kwiecinski: We have a fantastic business resources unit. It's like having an MPP for business. People call this 1-800 number, and the calls are routed to whichever province you're in. They get right into the weeds of a problem, the everyday stuff that we wouldn't necessarily know—"A labour inspector showed up today," or "I'm having trouble with workmen's comp, classifying my employees; can I get my costs down?"—that sort of thing. We would love to sit down with you and have a meeting and share some of those in-the-weeds kind of examples.

Mr. John Vanthof: Because to fix these problems, sometimes you have to get in the weeds.

Ms. Julie Kwiecinski: It's a very valid question, and thank you for your interest.

Mr. John Vanthof: Overall, for businesses, it's a competitive issue, right? It's so you can be competitive with your neighbours, with other jurisdictions. I think you've identified that one of the biggest competitive issues is electricity.

Ms. Julie Kwiecinski: Oh, absolutely. Absolutely. You can see from the one slide where we asked businesses how they're affected that this is a critical issue where people are going to have to start making really tough choices. It will affect jobs; it will affect the economy. We actually even had one member call up and say that they were offered some great package from Buffalo, New York, to move to Buffalo, New York.

There are some tough decisions. I am very proud of our members. We have members that write in to us and say things like, "I was thinking of relocating, but I didn't want to do it because of my employees."

Mr. John Vanthof: Yes.

Ms. Julie Kwiecinski: Tough decisions. Hydro really is the number one priority for our members. There has to be action now. I know the government is doing some long-term energy planning, and we've been a part of that. Ryan attended the Mississauga round table. But there have to be some remedies now, some real measured remedies that make a difference on the hydro bill, because when your global adjustment is as high—

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all of our time for today. If you have something further you'd like to submit in writing to us, you have until 5 p.m. this coming Friday.

Ms. Julie Kwiecinski: Thank you very much.

CANADIAN DIABETES ASSOCIATION

The Chair (Mr. Peter Z. Milczyn): Our 11 a.m. witness has cancelled. Our 11:15 a.m. presenters—are they ready? The Canadian Diabetes Association. Good morning. You have up to 10 minutes for your presentation, which will be followed by up to five minutes of questions from the Liberal caucus. If you could please state your names for the official record as you begin.

Dr. Jan Hux: Sure. Thank you. I'm Dr. Jan Hux, the chief science officer for the Canadian Diabetes Association. Speaking with me today are two volunteers: Lisa Geelen, who has a daughter living with type 1 diabetes, and Matt Anderson, who understands the importance of amputation prevention all too well.

Thank you to all members of the committee for inviting us to speak to this year's pre-budget consultations.

There are three issues we would like to raise today: first, improving access to medications, devices and supplies so that the 1.6 million Ontarians living with diabetes can manage their disease properly; second, providing increased funding for specialized devices to help prevent amputations; and third, putting in place a policy immediately to help keep our children with diabetes safe and healthy in school.

The first: When revamping the public drug programs as planned in 2019, the government must consider the needs of people living with diabetes. Medications and supplies are critical for the management of diabetes and are needed to avoid serious and costly complications such as strokes, heart attacks and kidney failure.

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According to our 2015 survey, 25% of Ontarians with diabetes are unable to take their treatments as prescribed because of cost barriers. We urge the government to address gaps in care. By reducing deductibles associated with publicly funded programs, we could help people with diabetes live healthier lives.

Second, we need your help with amputation prevention. Every four hours in Ontario, an amputation occurs as a result of a diabetic foot ulcer, costing the health care system an estimated $460 million a year. Offloading devices help people take the weight off of an injury in their foot, allowing it to heal and helping them to avoid amputation. Unfortunately, few people can access these devices, because most can't afford them.

The Canadian Diabetes Association calls on the Ontario government to increase funding for offloading devices. We estimate that funding could yield net savings for the government of up to $75 million a year by preventing ulcers and amputations. When an ulcer heals properly, a person spends an average of five days in hospitals, clinics and emergency departments; when it does not heal, it's an average of 86 days. Let's not wait another year, so that another 2,000 amputations have to have happened, in order to make this support available.

Third, children with diabetes face unique challenges because of the lack of awareness and support in their schools. We can do more to help them. The government is working on draft policy to support students with chronic diseases, but we need action now, so that these guidelines can be implemented at the start of the 2017-18 school year. Ontario has fallen behind. Five other provinces have policy and guidelines in place to support students with diabetes. Ontario does not.

Like all children, those with diabetes have a right to a safe and supportive school environment and to equal opportunities to learn. I urge the government to commit in the 2017 budget to implementing a policy that supports children with diabetes by the start of the next school year.

Ontario has been a leader in the past with diabetes programs, most notably coverage of insulin pumps for all ages. I urge the government to be leaders again in helping people with diabetes, and to implement the policy recommendations outlined in the Canadian Diabetes Association's submissions.

Thank you. Now over to Matt Anderson.

Mr. Matt Anderson: Hi. Thank you and good morning. I'd like to thank you for the opportunity to speak today on amputation prevention.

Just a little of my personal story—sorry if I'm reading; I wrote this out yesterday. I was diagnosed with diabetes when I was 21, and as a majority of diabetics do, I went through a period of denial, with the doctor simply giving me a pill and telling me to lose weight. I was never really educated on the importance of foot care during the early stages of my diabetes. Admittedly, I had a superman complex, and I admittedly ignored the severity of the disease I had been stricken with.

The first time I got an ulcer, I just thought it was a cut. It started from a blister from a pair of golf shoes. I just used Band-Aids and Polysporin to try to heal the wound, and it was only at a stop at the emergency room for an unrelated issue where a doctor brought to light the issue I was having with my big toe. I was advised to soak my foot in Epsom salts and to change my dressing daily. However, due to this poor advice, I wore away the phalanx joint in my big toe, which led to my first amputation.

I've been a plant superintendent in automotive manufacturing for the last 23 years, and my amputations and reoccurring ulcers have changed the way I live my life, my future career path and basically how I go about every single day. I used to play golf, hockey and baseball; however, due to the changes in my gait and the balance issues that I have, I am only a spectator now.

In the past, I was a reactive patient. Now, I'm a compliant, proactive patient whose goal is to be less of a burden on the health care system, due to learning the hard way, so to speak.

I currently own two Aircasts, valued at $300 apiece, and two pairs of orthotics, valued at $500 apiece, to offload any pressures that the reoccurring chronic wounds desperately need. I had six combined surgeries between 2007 and 2012 to remove infected bone due to chronic osteomyelitis. I can't walk without an orthotic in my shoe; it's pain within an hour, and if I walk any longer than that, it will do damage to the ulcers within two hours. A cut isn't just a cut when you have diabetes.

Diabetic ulcers, no matter if your sugars are in good control or not, do not heal within a week, nor a month.

Try three to four months, and then two more months to get your skin strong enough to withstand the rigours of everyday life. Consequently, I still consider myself one of the lucky ones due to a great benefits package I had at my previous employer, as my orthotics were covered by insurance and my Aircasts were covered by insurance as well.

I live in the Durham region. I travel an hour every single Tuesday to have wound care specialists tend to my ulcers. If you go to a doctor in the Durham region, the doctor will send you to a plastic surgeon. Hence, I have somewhat advocated for myself and bullied myself into frequent flyer status at Women's College Hospital, where I go every week, and they accept me with open arms. I just look at it as if I'm going to get a haircut.

Again, I would like to thank you for this opportunity. I'd like you to take into consideration, for the 2017 budget, just how crucial these offloading devices are to those afflicted with diabetic ulcers. They do help. They've healed me. I know full well. I'm 43. I'm in the younger spectrum of people who deal with this. Anything that can be afforded to this cause would be well worth it.

Thank you very much for letting me speak.

Ms. Lisa Geelen: Hello. My name is Lisa Geelen. Thank you for the opportunity to speak with you today.

On September 18, 2010, my daughter almost died. She had extremely high levels of sugar in her blood, and she was diagnosed with type 1 diabetes. After we returned home from the hospital, our new life began. We poked Anna with needles, counted carbs and provided 24-hour health care. Moreover, we constantly worried.

Once we figured out our routine, we started to prepare for Anna's return to school. We had no idea how hard this would be. We discovered that our school did not have a policy on how to care for a child with diabetes; neither did our school board nor the province of Ontario. Faced with no other option, I searched the Internet. I learned that the province of New Brunswick had a diabetes policy, and I used this to create my own safety plan for Anna.

Each school year, I take the first two weeks off work and I train and help the school staff as needed. Every day, I label Anna's lunch with the number of carbs and I send Anna to school with a diabetes kit, including a blood checker, fast-acting sugar and a cellphone. Then I wait to receive a text from my daughter of her blood checks at the regularly scheduled times, as laid out in my safety plan. The reality is, if the day-to-day management of Anna's diabetes slips, an emergency will occur.

Not all children have parents who can take the first two weeks off work, or have a school that's willing to help implement a safety plan. Despite all the precautions I've taken for Anna, I can't control everything that happens at school.

Twice last year, my daughter ended up in very dangerous situations. Both of these incidents were preventable. What is terrifying is knowing that we were so close to having an Anna's law today. I don't want an Anna's law. I want the government to commit, in the 2017 Ontario budget, to fully implementing a policy and training by the start of the next school year, and to keeping students with diabetes safe. For families who live with diabetes, we have waited too many years. There have been too many delays and too many dangerous situations. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. This round of questions is with the Liberal caucus. Ms. Hoggarth.

Ms. Ann Hoggarth: Thank you very much for your presentation, especially to the volunteer advocates.

As an elementary school teacher, I hear your pain in particular. I can say that at my school, we do a check of what the children are eating when it's snack time or whatever and try to provide them with something more nutritious. We can't force them, but we try to do that.

The Ministry of Education has mandated that they have an hour of exercise every day. As a junior and senior kindergarten teacher, I can tell you that over the years, I have seen more and more unfit children coming to school, children who need to have some diet changes and definitely have more exercise. That can't always help things, but hopefully it will keep the obesity level down. I think that those kinds of things should be implemented in all schools. In our school, we're very aware of that because we have a couple of very brittle diabetic children.

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Our government is committed to providing Ontarians who have diabetes with the information and support that they need to manage their health. Since 2008, as you probably know, we have worked through the Ontario Diabetes Strategy to improve access in the quality of care for Ontarians with diabetes and to educate others about how to prevent it. Through the ODS, we have implemented over 200 diabetes programs, reaching close to one million Ontarians.

How have these programs helped with diabetes and how can we continue to evolve these programs to help provide education and care for those with diabetes?

Dr. Jan Hux: Thanks very much, MPP Hoggarth. I think that we really applaud the government for the introduction of the Ontario Diabetes Strategy and the investments that were made around that. One of the major results of that was improved access to diabetes education.

You're very right in saying that the first step in managing diabetes is education. Lucky people with diabetes see a health care provider maybe four times a year. The other 361 days you're managing it yourself, and so education is critical.

But educating people without providing them the resources they need to implement their diabetes care plan may limit the impact of that resource. So if someone learns about how to care for their feet, for instance, in the setting of a foot ulcer but can't afford an offloading device that they need, or someone learns that in order to manage their blood sugar levels they need to test frequent times but can't afford the test strips, then there become gaps in the care.

The education is critical and that investment is appreciated, but we're saying that to complete the work, people living with diabetes need the resources at hand to implement the plans that they develop together with their health care providers.

Ms. Ann Hoggarth: Okay, thank you. There was a wonderful DVD that the diabetes association sent out; the kids loved it. I used to do planning time in all of the classes, and on the days when we couldn't go outside, or every so often, we did that movement program. The kids loved it and learned the words and understood the difference between type 1 and type 2 diabetes. Then we couldn't get it anymore. Is that still around?

Dr. Jan Hux: I'll certainly have to look into that.

In terms of educational resources, the Canadian Paediatric Society has offered to work together with us and with government to develop the educational resources that would be needed to support a kids-in-school program, and certainly educational materials in the classroom are important.

You've raised the issue of the difference between type 1 and type 2 diabetes, and particularly at a school age, that difference is very stark. For someone like Lisa's daughter, Anna, type 1 diabetes is not about being more active and eating less sugar. It's a critical illness that needs to be managed by incredibly careful balancing of physical activity, carbohydrate intake and insulin dosing. But sadly, we're seeing an incursion of type 2 diabetes into childhood years.

Even when I was doing my medical training, we said anybody under age 30 with diabetes had to be type 1 because type 2 didn't occur in kids. Now we're seeing it in children as young as age five, While some of that is driven by genetic risk, a lot of it is driven by behavioural factors such as physical activity and food intake, and so anything that schools can do to enhance that education and to increase the awareness of the difference between type 1 and type 2 is critically important, and to reduce the stigma around the disease. There is a tendency to blame people, and I'm sure Anna has already heard that it's her fault that she has diabetes because she ate too much sugar. That is patently false and harmful, and so education really is critical and the schools have a broader role beyond just keeping children with type 1 safe.

Ms. Ann Hoggarth: Right.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all for our time for today. If there is something further you'd like to submit in writing to the committee, you have until 5 p.m. on Friday.

COALITION OF ONTARIO MANUFACTURERS FOR COMPETITIVE INDUSTRIAL POWER RATES

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates. Good morning, gentlemen. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Progressive Conservative caucus. If you could state your names for the official record as you begin.

Mr. Michael Patrick: Certainly. Good morning. My name is Mike Patrick. Beside me, on my left, is Ted Cowan. I'm president and general manager of the Bowmanville Foundry. Ted is our coalition's economic adviser. We represent the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates.

Our coalition represents over 1,000 companies employing over 50,000 Ontarians in the manufacturing, agriculture and food processing industries. We've been actively working on this file for nearly eight years, and we've met with countless stakeholders, senior staff and politicians here at Queen's Park.

Today, we'll outline what we believe to be the fundamental problems underlying Ontario's high electricity costs. We'll review the impact of high electricity rates on Ontario's residential and industrial ratepayers and how they have responded to the problem. We'll propose a set of solutions based on our collective knowledge, research and experience as major electricity users.

We'll start with what caused the high electricity rates. It's our position that multiple factors have contributed to Ontario's high electricity rates, including the end of the 1989-to-2001 rate freeze; adding the stranded Ontario Hydro debt to electricity bills; adding the HST to electricity bills; closing coal plants and replacing them with more costly gas power; costly gas plant cancellations; declining electricity use, leading to fixed costs being covered by fewer and fewer consumers; continued expansion of base capacity while there is a surplus; selling surplus power at a loss to our competitors; increased peak power imports instead of creating new peak capacity; renewing distribution and transmission lines; buying more green power than needed, at prices higher than needed; a market rule that pays all generators at the highest price taken rather than the price they bid; and over-expansion and high wages in the ESA, OPA, IESO, LDCs, Ontario Hydro, OPG etc.

What options are available to our ratepayers in a high-electricity-rate environment? For the residential electricity consumer, the choices are few and they're clear. The residential electricity consumer's first response has been to buy less electricity. This is the highly desirable conservation option, whereby consumers purchase energy-efficient lighting and programmable thermostats, and switch from electric heat to gas heat. However, these measures are no longer containing consumers' electricity costs, and consumers are resorting to measures that are much less palatable. These include reducing their financial savings, reducing grocery budgets and cutting their kids' extracurricular activities etc. These are the options that have led to phrases like "heat or eat" and "energy poverty" entering the Ontario lexicon.

For the industrial and agricultural employers, the choices are slightly expanded but they're similar. For many years, industrial and agricultural employers have also engaged in programs to reduce their electricity usages and costs. These include but are not limited to high-efficiency relighting programs, high-efficiency motor replacement programs, insulated roof replacements, load-levelling programs and software and automation, off-peak production schedules and so on.

But like our residential consumer counterparts, we in industry have found that these measures no longer contain our electricity costs, and we too are resorting to much less palatable measures to ensure our and our employees' job survival.

The first measure we take to offset rising electricity costs is to attempt to reduce costs in other areas. This is typically accomplished with measures such as delaying maintenance and repairs, delaying modernization investments, and curbing wages and benefits at the bargaining table.

The next measure we take is to boost prices to cover the additional electricity costs. Unfortunately, this measure inevitably leads to lost sales and, of course, subsequent job losses.

The final and most drastic measure a company takes is to simply relocate to a jurisdiction with lower electricity rates. Of course, we've already seen this with the many, many high-profile companies exiting Ontario's already anemic industrial sector. Ontario has lost over 350,000 manufacturing jobs since 2004, and our farms have shed 40,000 jobs.

Of course, we realize that not all the job losses were due to Ontario having the highest electricity rates in North America. However, it is obvious that energy-intensive firms looking to invest in North America avoid Ontario, making good-paying jobs even scarcer.

So what do we recommend? First, we recommend that we address the underlying causes directly:

(1) We sell surplus power to Ontario customers, not our competitors, at preferred rates.

(2) We change the market rules so suppliers are paid what they bid.

(3) We reduce costs to the utilities and agencies.

(4) We allow any capable contractor to bid on system maintenance work.

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The second thing we recommend is a rate structure that is both more family friendly and more job friendly. Today's rate structure has emerged from a mix of market regulations and traditions that no customer can adjust to or understand effectively. Further, the current rate structure encourages certain undesirable responses from our largest users. The coalition proposes a rate system that is good for jobs and will help customers make choices without forcing them off the grid. The coalition examine several options and suggests the following:

One, apply time-of-use rates to delivery and the global adjustment as well as energy. The current GA calculation, which does not include a time-of-use component, encourages industrial users to operate on-peak.

On the residential side, price the first 7,500 kilowatt hours per year at the lowest time of use or at a fixed rate. The average household usage right now is 8,000 kilowatt hours. Usage about 7,500 kilowatt hours will be billed on a time-of-use basis. This price structure would ensure that over 75% of our current residential ratepayers would pay the same or less than they currently do, and only the heaviest users would pay more beyond their initial 7,500 kilowatt hours per month.

Industrial rates should be applied in what is known as a conservation rate regime. Rates for base, shoulder and peak should be variable and set by user class, size of connection, volume and time of use.

Implement rate increases only once per year, not twice, as at present.

Without changes, Ontario will lose more jobs and investment. Those who can afford it will opt off the grid and supply their own power, thus only exacerbating the problem by leaving even less users on the grid to support the fixed costs. This is very real, and I've seen it in my own community.

The pain amongst residential users is obvious. We've all by now seen the highly publicized stories of the less fortunate in our society having to make the difficult choice between heating and eating. We also know that delinquent electricity bills are becoming a big problem for the local distribution companies. However, hidden in all of this is the pain of a worker who is laid off because their employer has lost customers or contracts due to high electricity rates.

I am one of those employers. I've owned and operated my small manufacturing business in Bowmanville for 29 years. Formed in 1902, my company produces iron castings for over 200 customers across North America and currently employs 35 people. As an employer, I can say that one of the most difficult tasks that I have is laying off an employee. It's very hard to look into their eyes and see their fear, knowing that they have a spouse, kids and a mortgage, and you have just turned their life upside down. If any of you have any doubt about the very real human cost of the electricity crisis in Ontario, I offer you all an open invitation to my plant the next time I'm there handing out pink slips.

The Chair (Mr. Peter Z. Milczyn): Thank you. We have questions now from Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for your presentation. I noticed that on page 5, when you're talking about the coalition looking at several options—and you've got four of them listed: time-of-use rates should apply to the global adjustment; starting to charge after the first 7,500 kilowatt hours, that type of thing; once-a-year rate increases instead of two. Why do you think it is that the government hasn't put any of these creative ideas into place at this point?

Mr. Michael Patrick: I think that up until recently the problem was largely an employers' problem, an industrial problem, and not a residential problem. So I don't think the file got a lot of attention until it became a crisis, to be honest with you. As I said, we've been on this file for eight years, when I first saw what was then called the "provincial benefit" showing up on my electric bill and started asking questions. Then it became politically unpopular and got renamed the "global adjustment." I mean, we're now at the point where my industrial bill last month was $42,000. Well, $24,000 of the $42,000 was the global adjustment. It's completely out of control. Until it got to this point I don't think that anybody was looking for creative solutions because guys like me were just a little voice on the wind at the time.

Mr. Victor Fedeli: I got a bill just the other day, actually, when I was away, and it was from a manufacturer in my riding. Their monthly bill last month was $168,000. This month it's $173,000. First of all, their electricity, the energy that they used, out of the $173,000, was $22,958, and their global adjustment is $89,400.

This is a large company. They're sophisticated; they understand. In fact, their former vice-president came here in 2011 or 2012—I remember introducing him in the gallery—and his question that he had me ask the then energy minister was, "What is this thing called 'global adjustment'?" It's been almost five years. Would you say that most people do or do not understand what a global adjustment is?

Mr. Michael Patrick: Most people don't know. Most people don't know at all. Those that are on Direct Energy and so on are now seeing "global adjustment" on their bills and starting to ask questions, but the only people who saw it were people like myself.

My bill is similar: $3,400 of that $42,000 was electricity—$3,400—and then $24,000 of it is the global adjustment.

Mr. Victor Fedeli: So when we continually hear people say that we have the highest energy rates in North America, and a lot of the times the government says, "Well, that's not true," they're referring then, of course, to the actual electricity bill, which is reasonable in a sense—$3,400 is reasonable. But your whole bill of—what was it, $40,000 or $50,000?

Mr. Michael Patrick: It's $42,000, and when I compare—and for the first time in many years, I now have jurisdictions from the US trying to headhunt me to bring my business south.

Mr. Victor Fedeli: I want to go to that point because maybe the comment is that we have the highest all-in electricity rates. That's maybe what you need to start doing.

Mr. Michael Patrick: We do. When I look at my electric bill, I'm looking at the bottom line. I don't care about all these line items in between. The number that counts is the one at the bottom—

Mr. Victor Fedeli: After tax.

Mr. Michael Patrick: —and how you parse it out is not worth—

Mr. Victor Fedeli: It's been a hydro, hydro, hydro day here today. We had a couple of presenters before you who talked about the same thing. One said, "We've had enough. We're looking south of the border." One said, "We get calls weekly from Indiana, Wisconsin and Michigan." Are you telling me that's your finding as well?

Mr. Michael Patrick: Yes. With respect to the NDP caucus, the last time I had people at my door wanting me to move south was during the Rae government.

Mr. Victor Fedeli: Was, I'm sorry?

Mr. Michael Patrick: During the Rae government.

Mr. Victor Fedeli: So it's been that long.

Mr. Michael Patrick: Yes.

Mr. Victor Fedeli: How far are you from the American border? I'm just—

Mr. Michael Patrick: Bowmanville, Ontario. It's less than a two-hour drive.

Mr. Victor Fedeli: We had the Canadian Federation of Independent Business that said that 56% have had to increase their prices—this is all due to hydro—43% delayed investments and 13% are considering closing their business or relocating. Is any of that anecdotal to you in your business or your associations?

Mr. Michael Patrick: Yes. I have made no investments in at least five years other than to fix the leaks in the roof. It's just too risky an environment.

Mr. Victor Fedeli: Earlier, on page 4, you talked about addressing the underlying causes of increases directly. You had four points. Do you think that people understand the underlying cause of why we have the highest all-in energy rates in North America?

Mr. Michael Patrick: I don't think they do. Something that we had in this presentation that I actually took out in the interests of time—

Mr. Victor Fedeli: I saw it.

Mr. Michael Patrick: —was that there have been thousands of articles written about this, position pieces in the press, and they always point to one item or another: The windmills are the problem or the dismantling of the market was the problem and so on. It's more complex than that, as we pointed out. There are more than a dozen different factors that over the last 14, 15, 16 years have contributed to it. It's not constructive to just pick on one and say, "This is all your fault, this government's fault or that government's fault." As you can see, there's quite a list of things that contributed to our bills going up.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. That's all the time we have for today. If there's something further that you would like to submit in writing to us, you can do so until 5 p.m. this Friday.

Mr. Michael Patrick: Thank you.

ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Elementary Teachers' Federation of Ontario. Good morning. You have up to 10 minutes for your presentation, which will be followed by up to five minutes of questions from the New Democratic caucus. If you could please state your name for the official record as you begin.

Mr. Sam Hammond: Thanks, Chair. I will. Good morning. I am Sam Hammond, president of the Elementary Teachers' Federation of Ontario. With me today are Deputy General Secretary Jerry DeQuetteville and our executive staff member, Vivian McCaffrey.

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Based on what I just heard, I'm going to take a bit of a different approach. As much as I would love to speak about hydro and electricity rates, I'm not going to do that.

You may be aware that yesterday ETFO held a news conference to issue a call to action to address the growing incidence of aggressive, disruptive student behaviour that is creating serious challenges for a significant number of elementary classrooms. The disruptive behaviour, often serious physical aggression, stems from a variety of causes, including students struggling with mental health concerns, stress within the home, and students with special needs who aren't receiving the necessary supports.

At yesterday's news conference, we issued the following four-point call to action. We're looking for the Ministry of Education and school boards to ensure the necessary funding and resources for special education. We are asking for a comprehensive approach to children's mental health that includes interministerial supports and possibly an interministerial task force for children's mental health in schools; the Ministries of Education and Labour to proactively support school board compliance with health and safety regulation and policy requirements; and, finally, a stronger health and safety culture within school boards through increased training provided at all levels within each and every school board. ETFO representatives will be meeting later today with Education Minister Mitzie Hunter and Labour Minister Kevin Flynn to discuss how best to address those concerns.

Since many of the interventions we are proposing require additional funding, we are bringing them forward to seek your support for recommendations regarding the 2017 budget. The provincial government faces many challenges, including meeting the needs of children, whether they are in schools or their families are seeking services in their communities.

While overall program funding has increased, recent increases have failed in a minimum way to keep up with inflation and population growth. The Financial Accountability Office of Ontario reports that education spending is projected to grow by an average of 1.3% annually for the 2014-15 to 2017-18 years, during which time inflation is projected to average about 2% annually. The shortfall in program spending therefore means the government is failing to address pressing education issues and a lack of community programs that support children and their families.

ETFO's Building Better Schools plan, released in 2010 and updated in 2014, promotes a number of policies that address the pressing issues we're bargaining—we're bringing forward today. I hope we're not bargaining at this table; rather, I am bringing them forward. Our written submission reviews these policies in the context of current classroom challenges and the government's focus on student well-being.

I'd now like to speak to some of the key points in our submission.

Students with special needs: In order to be implemented successfully, integrating students with special needs into regular classrooms means more resources—much more resources—are required to support the students as well as the classroom teacher in terms of training, human resources and material resources. The provincial government must increase its funding for special-education teachers, educational assistants, psychologists, behavioural therapists, school support counsellors, child and youth workers, and speech and language pathologists. I want to point out that the bulk of those classifications are not within ETFO's bargaining unit. This is about students. An increase in the number of educational assistants is particularly important to address the current stresses in the classroom.

Educating the whole child: Elementary students would have a more enriched educational program and be less likely to be frustrated or act out if they had more opportunities to learn through the arts, hands-on programs such as design and technology, and outdoor experiential learning, as well as be supported by teacher-librarians and teachers who are specialists in the arts, health and physical education, and guidance.

Teachers with specialist qualifications provide a more enriched school program and support students who may be particularly engaged through school programs that go beyond the basic subjects of reading, writing and mathematics.

Guidance counsellors provide supports to students who may be struggling academically or dealing with emotional problems. Only 25% of elementary schools with grades 7 and 8 have a guidance counsellor, either full- or part-time.

Design and technology, and family studies programs, if you will, have virtually disappeared from Ontario's grades 7 and 8 classrooms, and this has happened despite the importance of design and technology to the province's future economic development. These programs are particularly important for students who learn best through hands-on learning and may be slipping through the cracks or acting out in class because their learning needs are not being adequately addressed.

The Premier recently stated that one of the two major education-related policies that will form the core of her government's re-election bid in 2018 will be offering more programs in schools for children to learn practical job skills, if you will. One of the best ways to achieve that goal would be to reinstate design and technology programs for grades 7 and 8, and give teachers more opportunities to include experiential learning in their classrooms by giving teachers more authority to use their professional judgment in terms of delivering specific curriculum expectations.

Class size: The early Ontario research on class size demonstrates that smaller classes enable teachers to provide more individual attention to students—I think every single parent in the province would agree—and to employ a greater variety of instructional strategies. Students with the greatest educational needs benefit the most from smaller classes but the improved learning environment benefits all students.

Currently, class sizes in grades 4 to 8 are the largest in the K-to-12 system. The benefits of smaller classes in primary grades, we argue, should be extended to grades 4 to 8 so that teachers have greater opportunity to develop strategies and interventions tailored to the learning needs of each and every student.

Although the kindergarten program is funded to have an average class size of 26, there are a considerable number of classes with 30 or more students in them. ETFO teachers and designated early childhood educators consistently raise concerns about the challenges of setting up activity-based programs in their classrooms. Overcrowded classrooms limit the ability to take full advantage of the play-based program and create stressful, overly noisy distractions and dangerous work environments, quite frankly.

Staff training: An important area in addressing these concerns is the role of staff training. ETFO has been working with both the Ministry of Education and the Ministry of Labour to improve the school-level investigation and reporting of workplace violence, and the occupational health and safety training for school staff and administrators. More work needs to be done on this front.

Occasional teachers are too often overlooked when school boards conduct their staff training. It is important, for example, to train occasional teachers to assist them to address behavioural issues and adopt teaching strategies that support students with a wide spectrum of special needs. Also, training for school administrators must include risk assessment; individual identification of the extent to which students' behaviour poses potential risk, individual harm or injury; and training to fulfill their responsibilities for investigating and reporting violent incidences.

In summary, ETFO has identified a number of policies and funding areas that the 2017 provincial budget should address, both within the education sector and at the community level. I'll refer you to the recommendations at the end of our submission. I would be happy to answer any questions that you might have at this time.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. This round of questions goes to Ms. Taylor.

Miss Monique Taylor: Thank you very much, Chair. Nice to see you, Sam. Welcome, everybody. Thank you so much for your presentation today.

I believe you're hitting the nail right on the head when it comes to our kids with special needs. I hear on a regular basis about not just the child with the special needs who's struggling in the classroom but the children around that child who are suffering also because the outbreaks are uncontrollable and that child is becoming a "bad" child when, by rights, he or she is not a bad child. The school is just not able to provide the supports to ensure that children are getting what they need, when they need it. So I'm thrilled to see this in your presentation today.

Are there any examples of funding for special needs in any other Canadian jurisdictions that you know of that would be a better example than what's happening here?

Mr. Sam Hammond: Off the top of my head, I'm not certain. Ontario is unique in many ways. As we've said in our four points around that particular issue, there needs to be an increase in the funding, but as we said yesterday and I'll repeat today, it is not just a matter of throwing additional money at it. It is a matter of coordinating all of those efforts, actually looking at what the needs are on the ground with some of those professional people and support systems that we talked about. So there needs to be a much more coordinated effort.

Yes, the funding has increased. There needs to be more there. I don't have an exact amount, but we need to be doing more for those students and we need to be doing it in a much more coordinated way.

Miss Monique Taylor: Absolutely. Making sure we have wraparound services around our kids when they need them is so absolutely critical during their elementary years, and making sure that we're helping them throughout the rest of their lives.

The funding formula: The government has been promising a review of the provincial funding formula. Have you had any discussions with the government about that? Are you seeing anything moving?

Mr. Sam Hammond: We have been very public that the current government promised that there would be a review, if you will, of that funding formula. I think it was in 2010. Bits and pieces of the funding formula have been looked at, but we have been very public. I have talked to different Ministers of Education and the Premier around reviewing that funding formula. If you look at the issues around school closures etc., very much in another way in addition to special-education funding and a couple of other items, that funding formula across the board needs to be reviewed, and it should be. But an outright review of that in a very comprehensive way, I am not aware that that's in the works.

Miss Monique Taylor: These conversations started in 2010, and now we're in 2017? Hopefully, seven years is the lucky charm, and we'll be able to get that review completed and make sure that our education system is funded to what it needs to be.

I just want to touch quickly on full-day kindergarten. What are some of the benefits that ETFO proposes with the caps of 26 students per class?

Mr. Sam Hammond: The average right now is 26 across the board. What we're finding is that there are numerous classrooms with four- and five-year-olds in them sitting at 30, and about 300 classrooms are above that 30 number, which we find just unacceptable. What we're trying to do and would like to see the government do is to put in funding to ensure—to be realistic so that we don't have FDK classes of 30 or above. If we need to work with the government and through the funding process to make sure, we will and are working with them to ensure that that happens, because we think every single student in full-day kindergarten would benefit from that.

In addition to the outright reduction in numbers, the special-education students we've talked about—when you talk about K-to-grade-3 students, they're on waiting lists and are suffering more in terms of the lack of supports at that level. So it ties together, and it should happen.

Miss Monique Taylor: Absolutely. Thank you so much for your submission. Like I said, it really hits home. I know I'm hearing from families about the need for more supports in the schools, making sure that our kids have what they need, making sure that there are enough EAs to be supporting these kids throughout the school and making sure that teachers have the supports so that they're able to do the job that they trained to do and that they've put their heart and soul into doing. Thank you for all of that work and thank you for your submission.

The Chair (Mr. Peter Z. Milczyn): Thank you very much.

Mr. Sam Hammond: Thank you.

The Chair (Mr. Peter Z. Milczyn): Members, that concludes all of our witnesses for the morning session. Unless there is some other business, we will recess until 1 p.m.

The committee recessed from 1155 to 1303.

The Chair (Mr. Peter Z. Milczyn): The committee is back in session.

Before we begin with our next presenters, I just wanted to outline to the committee how I propose that we proceed with this next segment, unless the committee decides otherwise. As was previously agreed, the expert panel members, of which there are three—each of those panel members gets 10 minutes to make a presentation. After all three presentations are made, I would suggest that we have 30 minutes of questions from the caucuses—a 10-minute segment per caucus in rotation—and that the final 30 minutes, or whatever time is left over, will be questions but will be a little bit less structured. I will attempt to make sure that everybody gets equitable access to the panel members.

Is the committee in agreement with that process? All right. Thank you.

EXPERT PANEL

The Chair (Mr. Peter Z. Milczyn): Our first presenter is Mr. Craig Wright. He'll be followed by Mr. Eisen and then Ms. Block. For the first round of questions, which will be by caucus, the next in the rotation is the Liberal caucus because the NDP had the last round before we broke for lunch.

With that, good afternoon, Mr. Wright. Thank you for coming. You have up to 10 minutes for your presentation.

Mr. Craig Wright: Good afternoon. Thank you for the invitation. I'll just give a broad overview of how we're seeing the economic environment, starting from the global and bringing it home to our growth story for Ontario.

For global growth, we're somewhat constructive. We're in line with the view we got this week with the latest round of forecasts from the IMF, so we're looking at global growth in the 3.5% range, which is where it has been projected to be for some time. We're looking at very accommodative monetary policy. Fiscal policy around the world is, in many cases, not working against growth; in some cases, it's acting to support growth. That should provide, we think, a more optimistic outlook for trade—of course Canada is very interested in prospects for trade—but also continue to keep commodity prices on a firmer footing than what we've seen of late. An example would be oil prices. We have averaging on a WTI basis this year at $56 compared to the $43 we saw last year. Obviously, there are some risks out there. China seems to be one that many are focused on. I think China has the resources and the tools they need, and they've shown no reluctance to use them, so I think they'll manage the growth they want, which is around 6.5%.

The US growth story: Very similar to what the Bank of Canada just released this morning, we put a placeholder in for fiscal stimulus. There's a lot we don't know—what the new administration will do—but it does seem that the path of least resistance is a little more expansionary fiscal policy. So over the course of 2017-18, we added about half a point to GDP growth in the US. That gives us 2.3% for both this year and next year in the US: one tenth this year, four tenths next year. The growth story in the US has been and, we think, will continue to be driven largely by the consumer. The consumer is about two thirds of the US economy. If the consumers have jobs, have income and have confidence, then they'll spend, and that will support the US growth story.

As we move forward, offsetting that are interest rates—

Mr. Han Dong: Could you speak up a little?

Mr. Craig Wright: Sure—offsetting that will be the interest rates, as we will look for rising interest rates. The Fed, the US central bank, raised rates in December 2015 and once again in December 2016, and we think they'll move rates twice this year. Market rates have already moved up, and we'll see some of that spillover in the Canadian rates. In fact, we've already seen that to some degree.

We do have a bit of a so-called "Trump bump" in the US numbers. We've not put any in for Canada yet, just given the risks on both the upside and the downside. Obviously, the biggest downside risk for Canada is any thickening, if you will, of the border, which we don't have any details on yet, but we are watching it as closely as everyone else is. Right now, for Canadian growth prospects, we have growth this year coming in at 1.8%, so a bit of an improvement from the 1.3% we saw last year—a bit of a rotational growth with some help from both exports, investment and fiscal policy; the announcements came last year that the support comes this year.

For Canada, even without any harsh thickening of the border, I think the worry we have is on the relative competitiveness of Canada vis-à-vis the US. Even if they don't go full-scale on the personal income tax reductions, corporate tax reductions and the like, we're looking at lower personal tax in the US, lower corporate tax in the US, a lighter regulatory touch in the US and a lighter environmental touch, if you will, in the US. That's compared to where in Canada, in many cases, we're going the other way. So it is a concern from a competitiveness perspective, and it is something that Governor Poloz mentioned in his monetary policy report this morning. So there are some challenges there, obviously, for Canada, even if we don't get some of the more extreme scenarios.

For Ontario, our growth story is that this year we had 2.3%, so very similar to what we've seen for the last three years—in and around that 2.5% pace. Next year we have it moderating to just under 2%. So this year, like last year, Ontario will be one of the growth leaders across Canada. The support has come from employment, and we expect that to continue to support growth in the province. Employment on a year-over-year basis is just over 80,000 jobs. The unemployment rate moved down to just below 6.5%. The jobs gains on the private sector side have tended to be more on the service sector side, and more recently, through 2016, there was more of a tilt towards part-time jobs. But if you look at the previous five years, the full-time/part-time split, more than 100% of the job gains in Ontario have come from full-time. So we're getting a bit of a payback, but we are looking at, generally, a strong labour market.

With the strong labour market, we're seeing strong consumer spending. Retail spending in the province is second only to British Columbia, so the consumer side looks in solid shape here. As we go forward, we are looking at that debt-to-income ratio, which is elevated. That will contain consumer spending and keep consumer spending in line with income gains rather than getting that extra lift, if you will, from debt accumulation.

We do have a cooling in the housing market, not a collapsing in the housing market, and that reflects the stronger prices we've seen. That reflects the number of regulatory tightening initiatives we've seen and also the interest rate environment, in which we've seen some increase and we expect further increases as we go forward.

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With the strong job gains, we've seen strong migration flows. If you look at total migration into the province, both international and inter-provincial, the first three quarters of the year 2016 would be the second-best year on record, so very strong migration flows. That's why we've seen continued strengths on the population side, ongoing support for housing and for the consumer.

The export story in the province, as I said, going forward: stronger US growth and a more competitive Canadian dollar. We have the currency drifting down to 72.5 cents by the end of the year. That should provide support for exports after two very good years in both 2014 and 2015 and in the early part of 2016 and then, I think, more recently, a bit of a pause. But we are looking for exports to pick up, which should eventually translate into better investment.

Finally, on fiscal policy, unlike some of the other provinces and the federal government, it is encouraging to see a zero at some point—admittedly after nine years, but we're moving in the right direction with a zero there. That will open some doors for a little more flexible fiscal policy going forward. I would like to think anything we do fiscally, both provincially and federally, is with a lens on productivity and a competitiveness environment that is only going to get more intense given some of the changes that we expect to come from the US.

For growth prospects this year: similar to what we saw last year and a bit of a slowing next year, but overall, I think more normal growth for the province—disappointingly normal, but still a normal growth outlook in an environment of very low interest rates and a more competitive currency.

I'll leave it there. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. Our next presenter is Mr. Eisen.

Mr. Ben Eisen: Good afternoon. My name is Ben Eisen and I'm the director of the Fraser Institute's Ontario Prosperity Initiative. The Fraser Institute is an independent, non-partisan public policy research and educational organization with offices in Vancouver, Calgary, Toronto and Montreal.

Let me begin by thanking the committee for inviting me here to speak today, to participate in the consultation process for the important budget that's soon to be tabled. The 2017-18 budget is expected to differ from its nine predecessors in that the operating budget is forecasted to be balanced for the first time since fiscal year 2007-08. This development can mark an important moment in the province's fiscal history, but only if it is viewed as a step in the much larger process of repairing the damage that's been done to provincial finances in recent years, and not as the completion of that process. The development of the fiscal plan in this year's budget must be formulated in light of the significant recent run-up in provincial debt and the need to begin meaningfully reducing this debt burden as a share of provincial GDP.

A few facts to underscore the seriousness of the fiscal challenges we continue to face: Since 2007, Ontario's debt burden has approximately doubled. It will be well over $300 billion next year. One recent study shows that over the past 15 years, Ontario has added more debt than any other province in Confederation, either on a per capita basis or relative to the size of the economy. Since 2007, the province's net financial debt as a share of the economy has increased from 27% to 40%, a level that is now among the highest in Canada.

The work of repairing this damage will not be finished when the province does return to a balanced operating budget, hopefully this year. In many ways, it will just be starting. The key point that I wish to highlight today is that much work remains to be done to get the province's finances back on track, and this work will necessarily require sustained spending discipline going forward.

Senior officials in the government have stated that they share my view that returning to pre-recession debt levels relative to GDP is an important objective. What must now follow is the presentation of a clear plan with realistic benchmarks and timelines for achieving this important objective, or at the very least making meaningful progress towards it. In the absence of such a plan, it will be difficult for Ontarians to be confident that the province's finances are on track to be repaired.

Such a plan has not yet been presented. In fact, the most recent fiscal plans presented by the government show that the province will continue to accumulate significant new debt through its capital budget at a rate of about $10 billion per year in the coming years. This forecast has been more or less confirmed by the Financial Accountability Office, which projects additional debt of approximately $10 billion per year for the next five years.

Unless action is taken to substantially slow this pace of debt accumulation, either through surpluses in the operating budget or by reducing the amount of debt accumulated in the capital budget, the goal of shrinking the province's debt-to-GDP ratio will almost certainly remain elusive. This reality is confirmed by the most recent projections from the FAO, which suggest that the provincial debt-to-GDP ratio will hover very close to current levels between now and 2020. In fact, the FAO projects that the debt-to-GDP ratio will go from 41.2% this year to 41.0% in 2020, a reduction of just one fifth of one percentage point. It isn't hard to see that at this rate, we won't be returning to pre-recession debt levels for some time to come. A clearer, more direct path to this important goal is needed.

Now, none of this is to suggest that meaningfully shrinking the province's debt-to-GDP ratio will be easy. Going forward, the provincial government faces a number of new obstacles and headwinds that will make it harder than it otherwise would have been to make progress in terms of reducing the provincial debt burden.

For starters, there's very likely to be a slowdown in the rate of growth of federal fiscal transfers to the province in the years ahead. In its effort to return to a balanced budget over the past several years, the province has been aided by rapid annual growth in transfers from the federal government. For example, between fiscal year 2008 and fiscal year 2016-17, major federal transfers per capita to the province increased by approximately 50%. This has been a function of the province's qualification for equalization payments starting in 2009 as well as the large annual increases in the Canada Health Transfer to all provinces under the 2004 health accord.

But with severe economic weakness in Alberta and Newfoundland, Ontario's equalization receipts will likely fall in coming years, and may evaporate entirely sooner rather than later. This, combined with the planned reduction in the rate of growth for the Canada Health Transfer, will almost certainly mean a substantial slowdown at least and, perhaps, a nominal reduction in the rate of growth for the overall transfer envelope. In 2017-18, for example, the federal Department of Finance currently forecasts that major transfers to Ontario will actually decline slightly in nominal terms. This represents a significant reversal of recent trends that must be considered during the development of Ontario's fiscal plan.

There are other headwinds too. The province's Financial Accountability Office recently released a report documenting a number of pressures and cost drivers in the health care system that must be recognized and planned for in order to hold health spending and growth rates in check in the coming years. An aging population and other cost pressures identified by the FAO make the need for spending discipline in the health care sector and all other areas of provincial public management all the more vital.

This is the context within which Ontario's fiscal plan must be developed. In short, the province continues to face significant fiscal challenges, and there are important headwinds that will make it more difficult than it would otherwise be to overcome those challenges. In this light, it would be a mistake to view a balanced budget for the 2017-18 fiscal year, if it comes to pass, as evidence that our fiscal problems have been solved and that there is no need for spending restraint. Instead, this development must be recognized as one step in a very difficult process of repairing the considerable deterioration of the province's fiscal health that has occurred during the 2008-09 recession and during its aftermath.

Making meaningful progress toward pre-recession debt levels in the next several years would bring many important benefits to the province. It would help prevent an increase in the amount of public dollars being spent on debt service payments that Ontarians would rather see spent on other important priorities or tax relief. Slowing the planned pace of debt accumulation would also protect us from risks associated with potential increases in interest rates, which could make future borrowing more expensive. Further, it would give the provincial government greater flexibility in the event of another unexpected recession, helping guard against a future run-up in provincial debt further above current levels in that unfortunate event.

For these reasons, providing a roadmap for meaningfully reducing the province's debt-to-GDP ratio over the next several years should be an important priority for this budget. Achieving this goal, however, will require sustained spending discipline in the years ahead. This, in turn, will require recognition that balancing the operating budget in 2017-18 does not represent the end of the process of fixing Ontario's finances, but rather a step along the path.

Canadian history has several examples of governments losing any semblance of spending discipline once a long-standing fiscal goal is finally achieved. Alberta, for example, dramatically ramped up spending growth almost immediately upon reaching the long-held goal of achieving debt-free status early in the millennium, instead of setting new and important goals related to saving revenues from the province's oil wealth and the province's heritage trust fund. The severity of the fiscal challenges facing that province today are in large part the consequence of that loss of focus and discipline in the immediate years following the achievement of a long-standing fiscal goal.

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We should not make the same mistake in Ontario. If the government does balance its operating budget in 2017-18, much work remains to be done. Our fiscal focus should be squarely on the objective of returning to pre-recession debt levels, or at least making meaningful progress in that direction. This will require a clear plan, spending discipline and frugal public management. I hope these realities will be reflected in the 2017-18 budget.

Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Eisen. Our next presenter is Ms. Block.

Ms. Sheila Block: Thank you very much for the opportunity to talk with you about the budget. My name is Sheila Block. I'm senior economist at the CCPA, Ontario, which is also an independent, non-partisan public policy and research shop with a focus on Ontario and Toronto.

I'm going to talk with you a little bit about the economic outlook, then I'm going to touch on the fiscal situation, and then I'd like to talk to you about some solutions.

We are, as others have pointed out, in a slow-growth environment. What this graph illustrates is that pre-recession average annual growth over the previous eight years was about 3.5%. From the end of the recession out to the forecasts to 2018, there's an expectation and an experience of a growth rate of about 2%. So we have been experiencing slower growth, and the expectation from finance and other economists is that we will remain in that environment. Part of that has to do with the fact that the lower dollar did not provide the boost to exports in that important platform to Ontario's economic activity and economic growth that many economists, including me, had expected. We didn't receive that boost there, and we are expecting that that slowdown will continue.

Similarly, it's important to remember that overall growth rate masks some pretty large differences in different regions of the province. The variation in unemployment rates across Ontario is an illustration of that.

That was the context for budget-making as of November 7 of last year. As of November 8, we have a lot more uncertainty here. I picked one headline from Bloomberg; every day has provided a new headline that I could have put in here to illustrate the uncertainty that we are facing.

What we do know is that 81% of Ontario's international exports go to the US, and 57% of our imports come from the US. Our economies are deeply entwined. The uncertainty is myriad. Like my colleague, Mr. Wright, we don't know where that's going to end up, but that is an increased uncertainty and threat to both the Ontario economy and, as a result, Ontario finances.

If we're in this kind of context of slow growth, what does this mean for our fiscal policy? I think it's really important, when we look at the debt-to-GDP ratio, which Ben and I both have been talking about—or he has talked about and I will—to remember that context and that context of the great recession. What happened then was there was a real shift in the economic orthodoxy, whereas prior to that, there was a big focus on reducing government debt, reducing government deficits. There was really a consistent message from the International Monetary Fund on down to say what was needed at that time of crisis was a concerted effort from government in terms of a real fiscal push and deficit spending. I think it's also important for us to remember that it worked and that it moved us out of that crisis and into this environment, although it's a slow-growth one that we're in at the moment.

I did some comparisons to try to get—because definitions change over time—a kind of apples-to-apples comparison of debt-to-GDP levels, comparing the last recession—the mid-1990s recession—to this one. What we see from here is that, well, debt-to-GDP levels haven't grown that much more. They haven't started a downward trend yet, so we have these more elevated debt-to-GDP levels that we're facing.

At the same time, a kind of happy difference between the last recession and the outcome of this one is that we are, as my colleagues have said, facing a much lower interest rate environment. As a result of that, interest payments as a share of revenue are much lower than they were in the 1990s and coming out of that period than they were at that time.

So in 2009, in concert with other governments internationally, Ontario had a budget deficit of $19 billion, and since that time it's been coming down and the government has made a commitment to a zero deficit in this coming budget. The result of that reduction in the deficit had a number of factors. We had a return to growth and so revenues increased along with that. Some of the automatic stabilizers were not required anymore. But there has been an over-reliance on spending constraints, and what this graph does is that it just kind of gives you an overview of the deterioration of program spending on a real per-capita basis. But I think the recent report from the Financial Accountability Office really provides us with an interesting perspective on how hard the brakes have been on spending. What this graph from that study shows us is average annual growth in health spending between 2000 and 2012, roughly, which was about 6.8%, as compared to what it's been 2011 to 2015-16, which is down to 2.4%, so that's almost cutting that spending down to a third of what it was prior to that. It really gives an indication in terms of this big part of the spending pie and also the kind of brakes that have been put on what all of us, I think, consider a crucial public service.

I think in a time of uncertainty like we're facing at the moment, we need the Ontario government to be on a strong fiscal footing. We really don't know what we're going to be facing, and I think in a low-growth, low-inflation environment we're not going to be able to grow our way into a stronger fiscal footing. The FAO reports have had some interesting perspectives, both in health care and in other areas, that we are really reaching the limits of where we can reduce spending to get ourselves on that stronger fiscal footing, and so the arithmetic of this leaves you with a choice, and the choice that government really needs to make is to make a more meaningful increase in revenues.

There are some options there. The federal government has shown some leadership and has also promised further leadership on really taking a hard look at tax expenditures. You can look at them for simplicity, efficiency and their impact on inequality, and they are a way, by increasing the tax base, to increase revenues. I think Ontario has to take a close look at that as well.

Another thing to think about is when Stephen Harper reduced the GST, he said provinces were free to open up and step into that fiscal room. I think that's something else that should get good consideration.

And then, finally, I think the experiment with low corporate income tax rates as a means of increasing investment has proven to be a bit of a failure, so I think there is room as well to look at the corporate sector, to look both at the tax expenditures on the corporate sector and also the reductions on corporate income tax rates, and see where we can get more of a contribution from the corporate income tax system.

Thanks very much.

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The Chair (Mr. Peter Z. Milczyn): Thank you very much. Now we'll proceed to questions. If I could ask the other two members to also come up to the table. We'll start with the Liberal caucus. Mr. Baker.

Mr. Yvan Baker: Thank you all very much for coming in and speaking with us. I have questions for a number of you. We'll see what we get through in the time that we have, depending on how long my questions are and how long your answers are.

Mr. Wright, I'd like to start with you, if I may. You dedicated a significant portion of your presentation to Ontario's economic growth. I have a business background—I used to be a management consultant—so I follow pretty closely the economy and its implications for our fiscal position and also the broader economic welfare of the people of Ontario. I know that Ontario's GDP increased, in the third quarter of 2016, about 0.7%, I believe. That was ahead of the G7 average in terms of economic growth. Of course, increases in exports, household spending and household investment were the main contributors during that period.

I know that you provided your prognostications on economic growth. The Conference Board of Canada expects Ontario to exceed 3% real GDP growth and to have one of the fastest-growing economies in the country in the coming year. I know you touched on economic growth in your presentation.

My question to you would be, could you speak a little bit more about what factors you think will be key contributors to Ontario's economic growth in 2017 and beyond?

Mr. Craig Wright: Sure. Thank you. You raised a few points. One is with respect to the third-quarter numbers. For 2016, we don't have the annual number yet. We got the third-quarter data, as you suggested. On an annualized basis, it's 2.6%, which was higher than what we were assuming in our forecast. We had a 2.5% estimate for the year. It may actually be a bit higher than that. It will move up the rankings for provincial growth, but I still think BC will actually end up higher in 2016, when all the dust settles.

On the Conference Board numbers: Whenever we compare provincial growth rates across forecasting institutions, you always have to find out what the Canadian growth forecast is. That's important because it's an overall constraint, right? You can't have every province growing faster than the national average.

My guess is that their Canada is stronger than our Canada and our Canada growth rate at 1.8%. If you look at Consensus Economics, which surveys about 20 forecasters, the average for this year and next year for Canada is 2.0%. We're a bit lower than Consensus, and my guess is that the Conference Board would be higher, so there's a little more run room, if you will, for Ontario.

For Ontario, we have it tied for first, in the growth ranking, with Manitoba at 2.3%. It is, on a ranking basis, probably very similar to theirs—top of the pack. As I suggested, it seemed fairly broadly based through the third quarter, but in the more recent quarterly numbers through the end of the year, the exports slowed down a bit. What we saw were remarkable gains in exports in 2014—8%. In 2015, it was just over 11%. In the first three quarters of 2016, the momentum continued, but it looks like there was a bit of a pause there.

To Sheila's comments, some of that was—we've seen it across Canada. It has been a disappointment in the export story that it wasn't stronger for longer, given the stronger US and the more competitive currency.

A few factors that we think explain that are, when you look at the stronger US economy, it's where the growth is taking place. Canada does not export to the US economy; we export to sectors of the US economy. Historically, it has been housing and consumer spending—autos, in particular. But what we've seen on the auto side is US auto sales at record highs. Canadian auto production picked up, but bigger acceleration was seen in the US and in Mexico, so we're losing market share.

Part of that is the story on the currency. We look at the Canadian dollar relative to the US dollar. If you look at it relative to other currencies, we've actually been strong in this strong US dollar environment, so we're losing a bit on the competitives there. That's also something that Governor Poloz mentioned today.

Finally, with the supply chains as they've grown, Canadian exports are increasingly dependent on US exports. With the slow global growth and with the strong US dollar, US exports have been disappointing and US investment is disappointing. They are two of the bigger sectors that we export to, so that's probably behind the disappointment we've seen on the export side.

Offsetting that, though, is the consumer. The consumer numbers have been very strong, and that's directly linked, I think, to the employment side. As we go forward, we are still seeing continued momentum there.

The interprovincial migration, part of that net migration, continues to be strong, and that's usually driven by relative unemployment rates, so you get a push from the higher-unemployment regions and a pull to the lower-unemployment regions. Ontario is on the low side of the unemployment rate.

I think it will be a consumer story, exports, and to the extent that demand holds up, then you start getting a little more excited about investment, and that's what everybody is waiting for as we go forward.

Mr. Yvan Baker: Chair, how much time do I have?

The Chair (Mr. Peter Z. Milczyn): About five and a half minutes.

Mr. Yvan Baker: Five and a half minutes.

Just briefly, if I can, Mr. Wright, to follow up on what you just said, do you know what's driving the stronger employment performance here in Ontario?

Mr. Craig Wright: On a year-over-year basis, to December of last year, the last data point we have, it has been private sector more than public sector. It has been services more than the goods sector. As I suggested in my comments, it was more a part-time story, but prior to that, we had remarkable full-time job gains.

So when you look at the sectors that have contributed, the goods sector has been down, with the exception of construction. Manufacturing is kind of bouncing sideways. Construction has been strong, which isn't surprising given what we've seen in the housing sector.

On the services side, it's fairly broadly based, but wholesale-retail trade is driving it—again, back to the employment and consumer spending story that is, I think, linked to that.

We've seen accommodation, the tourism story. We often look at exports through the lens of goods, but we also have services, and tourism is part of that story, and we've seen some gains there.

Health and education have been growth areas, from an employment perspective as well.

So it's more broadly based on the services side, narrowly based on the goods side, but overall a tilt towards services.

Mr. Yvan Baker: Thank you, sir.

Mr. Eisen, I wanted to follow up on some of the comments you made. One of the things you talked about, going forward, was the need for "spending discipline," which I think were the words that I wrote down that you used. I'm curious as to what areas in which you would recommend that spending discipline happen. How do we achieve the spending discipline that you're talking about?

Mr. Ben Eisen: That's a big question. It's obviously easier in broad strokes than getting down to the specific policy reforms that you might employ in different areas of public management. I'm primarily speaking today about the broad fiscal framework within which the government needs to work.

For an example, there has been a net-zero approach to public sector bargaining in recent years, and there has been some talk that we may be entering a new fiscal time, and so that sort of approach to public sector bargaining may no longer be appropriate. That's the sort of talk that causes me to be concerned that the move to a balanced budget is going to lead to a fundamental change in how we approach the management of public funds. I would say that recognizing that we're continuing along in a difficult fiscal time, with a lot of challenges that remain to be solved, and continuing practices such as net-zero bargaining where possible, is one example.

Beyond that, there are a number of different areas of public management where organizations put forward research suggesting ideas for reform and how to save money with particular policy steps. We just recently released a paper about reforming education funding in Ontario, based on the British Columbia model, and produced cost savings estimates for that.

I'd rather not get, obviously, into the details of specific areas of public management and the particular details of how savings could be achieved. I'm better equipped today to speak in broad terms about the sort of fiscal framework within which the government needs to operate as it continues to try to repair the province's finances in the months and years ahead.

Mr. Yvan Baker: How much time, Chair?

The Chair (Mr. Peter Z. Milczyn): Two minutes.

Mr. Yvan Baker: Two minutes.

Just in the context of that, I'll make a brief comment, and if you have a follow-up, please feel free.

I have the privilege of being Minister Sousa's parliamentary assistant and sitting on the Treasury Board and looking at the broad fiscal picture of the government. I'm going to take it up to 10,000 feet, that high level, as you suggested. One of the challenges, of course, is that a large percentage of our budget goes into two main areas—and you alluded to them—health care and education.

As someone who has sat on the Treasury Board and been part of the PRRT process that the government has undertaken, to go line by line through government programming and to determine where we can spend our money more wisely and find efficiencies and deliver either better outcomes for the same amount of money, or deliver the same outcomes for less, I know that that work is ongoing and that's maybe part of the spending discipline that you were referring to. But to get to the 27% debt-to-GDP figure that you were talking about would require some quite significant spending discipline, if I can use those words of yours. I'm just wondering—inevitably, do you see us going through and further restraining spending in health care and education and those sorts of programs?

Mr. Ben Eisen: What I suppose I would say is that, obviously, we're not going to return to 27% debt-to-GDP overnight. That would require, as you say, something beyond spending discipline and is in fact unmanageable.

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The fact is that in the buildup during the recession and in the years since, the debt-to-GDP ratio has been increasing by significantly more than one percentage point per year, so it's been a pretty rapid run-up. We might not be able to decline back in the other direction as quickly as that, but certainly 0.2% over the course of five years suggests that we're really not going to make any meaningful progress in that direction for a very long time.

I would certainly agree with you that returning to the 27% goal needs to be conceived of as a long-term goal. It's one that the government has repeatedly said that it shares. It's not necessarily that I'm suggesting we need a plan for how we're going to get there in three or four or five years, but I think it would be beneficial for people to understand how we're going to get 20% of the way there or a third of the way there, and to have some understanding that we're making progress in that direction if the government does, in fact, take seriously that this is a goal. I took the government at its word when it stated that it has.

Certainly I don't in any way mean to dismiss the challenges that the government faces. I think I identified a number of additional headwinds that are going to make the work more challenging, particularly with fiscal transfers. So I don't mean to minimize those in any way. With that said, if the government is going to state that returning to a debt-to-GDP ratio in the area of 27% is an objective, I think it's then incumbent to present some sort of plan about how we're at least going to begin taking those first steps.

The Chair (Mr. Peter Z. Milczyn): Thank you. We'll continue with questions from the Conservative caucus. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much. Welcome, everybody.

Mr. Eisen, earlier Mr. Wright was talking about the Trump bump. I attended the economists' session a couple of weeks ago in downtown Toronto, and there was talk about the Trump bump versus the Trump slump, and what could possibly happen. Mr. Wright also talked about the thickening of the border being one obstruction that could be in our path to balance. Energy: They're going one way; we're going the other. Taxes: They talk about going one way; we're going the other.

Can you tell us, in your thoughts, then, are we going to see the Trump bump or the Trump slump over the next, let's say, two years?

Mr. Ben Eisen: I don't think I'll choose between those binary options, but I'll say that certainly major changes in policy direction for the United States would have implications here. One of the most important ones to keep an eye on, particularly in the tax area, is corporate income taxation.

Canada, for a lengthy period of time—we're less competitive on personal income taxes, but we have made real progress in terms of becoming competitive internationally on corporate income taxes over a long period of time. Right now, in many respects, Ontario enjoys a competitive advantage over a number of American states because of provincial and federal policy action in this area. If we're now talking about a world in which there is significant corporate tax reform—and perhaps not even just rate reductions, but there's been talk about significant pro-growth reform in the actual structure of American corporate income taxation—that's something we need to take very seriously, because it has been an advantage that's led to more corporate profits being booked in this country and it's been beneficial to economic growth. There's a lot of evidence out there suggesting that corporate income taxes are among the most economically harmful dimensions of our tax mix.

So certainly, that's one key area which, if the United States entertains significant corporate tax reform, we need to be aware of and be conscious of any change to our competitive situation. That's the one I would single out and be responsive to. A lot of other areas go beyond my area of expertise, so I'll leave it at that, if that's okay.

Mr. Victor Fedeli: Thank you very much.

Mr. Wright, welcome. At that event a couple of weeks ago that I was talking about, you spoke a lot about cap-and-trade. In fact, you suggested that the carbon tax across the country should be neutral. Do you have any further thoughts on that today? I know you did say—and I wrote it down; in fact, I tweeted about it. You said, "Some provinces went down the wrong path by not making it revenue-neutral." Can you explain your thoughts on that?

Mr. Craig Wright: Thank you. Social media is great.

I didn't name any specific provinces, but in the context of the coming changes in the US, it's one of the competitiveness challenges I mentioned, that lighter environmental touch, if you will. Carbon pricing to me is a good idea, and you can still do it, even in the environment of whichever way we see the US going, but what I typically think of successful carbon pricing agreements is that they have to be transparent, they have to be predictable, they have to be gradual and, most importantly, they have to be revenue-neutral. When you look across Canada, there are three provinces that are not revenue-neutral. That's Ontario, Alberta and Quebec, and I was in Alberta making the same points last week. The issue is that carbon pricing is to change the structure of the economy; it's not about growing the size of government, and that's when you get into this revenue-neutral side. If it's just about the government grabbing more money and then reallocating it, that's less than ideal, especially in the context of a more competitive environment. I'd prefer we go on the revenue-neutral side rather than look at it as an opportunity to grow the size of government.

Mr. Victor Fedeli: I appreciate your insight on that. Thank you. I didn't have a chance to ask you to expand when we were there; you had a good lineup of people.

Ms. Block, the Financial Accountability Officer says we will not balance by 2017-18, and in fact we're going to see increasing deficits for the next five years. What do you think he sees that the government doesn't?

Ms. Sheila Block: I think the difference in understanding from the government and from the Financial Accountability Officer is in how achievable the reductions in spending are. I think that's a large part of the difference between the two, and I think we have to remember that while a zero deficit is a very important issue politically, whether you're at zero or a little above or a little below zero is a less important figure economically. I haven't seen or don't recall that the Financial Accountability Officer was saying, "You're going to be really way off." I think what he's saying is, "You haven't been explicit enough in how you're going to get there, and given the pressures, given the spending constraints that have happened so far, it's going to be difficult to get there."

Mr. Victor Fedeli: I think his numbers were $2.6 billion in 2017-18, going up beyond $3 billion to $4 billion over the course of five years.

Ms. Sheila Block: We have to remember that if you wanted to give me $2.6 billion, that would be an enormous amount of money, but in the context of the Ontario budget, or in the context of the Ontario economy, that is a small number. So that's why I say that where you are at that point is a smaller difference.

Mr. Victor Fedeli: How's our time?

The Chair (Mr. Peter Z. Milczyn): Four minutes and a bit.

Mr. Victor Fedeli: Great.

Mr. Eisen, I wanted to ask you the same question that I had asked Mr. Wright about the cap-and-trade and the revenue neutrality. Do you have a particular thought on one versus the other and, if so, why?

Mr. Ben Eisen: Yes. I'll find it hard to improve on the answer that was already given, but I agree that, in principle, carbon pricing is the most economically efficient way to reduce greenhouse gas emissions, and so there's a lot of merit, in principle, to the idea. The issue and the problem is when it is used by governments to increase the overall tax burden, and I think that there's a number of issues associated.

We should, in some ways, if the decision is made to proceed with carbon pricing, view it as an opportunity to reduce—and in some provinces we'd have enough revenue from it to eliminate—particularly harmful categories of taxation. I think that it's particularly important to recognize that there's quite a bit of new academic research—it's coming out fast and furious as more provinces are doing these things and they're being studied more—suggesting that one of the most concerning things about carbon pricing, carbon taxes and cap-and-trade is the interaction effect with other taxes, that it exacerbates the economic damage that's done by other particularly economically inefficient taxes, like the corporate income tax and to some extent the personal income tax.

If we're going to do carbon pricing, and particularly put costs on businesses and consumers, I think that just heightens the urgency of saying that it's important to return that money to the private economy, and particularly to return it to the private economy by reducing the most economically harmful components of our tax mix. I think the corporate income tax is a candidate for that because it is such a damaging tax, and the personal income tax is a candidate for it because, in some respects, Ontario's personal income tax system is less competitive than we might like it to be, particularly with increases over the past decade.

So I very much share the view that carbon pricing should be viewed as a way of reducing emissions, not as a way of expanding the size of government. I think that also helps build a coalition that's more supportive of these measures and the environmental benefits that they can bring.

Mr. Victor Fedeli: I appreciate that insight. How's our time?

The Chair (Mr. Peter Z. Milczyn): Two minutes.

Mr. Victor Fedeli: I appreciate that insight because I did see the last budget when it came out, and I did read the Financial Accountability Officer's concerns about this because that money, the expected anticipated revenue from the cap-and-trade system, has gone directly into general revenue. It is our contention, of course, that it's there to artificially balance the budget by 2017-18. Do you have any thoughts on that at all?

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Mr. Ben Eisen: I'm reluctant to use a word like "artificially." I'm not disputing or endorsing it. But I think that certainly, if the revenue is taken in and used to expand government revenue rather than being returned to reduce other taxes, it's going to have an effect on the bottom line. It will certainly make it easier to balance the budget quickly than it would be if you in fact did not use it as a revenue tool and used it to make the tax code more efficient by reducing corporate and/or personal income taxes.

Mr. Victor Fedeli: Mr. Wright, just the same angle on making it revenue-neutral: When you talk about that, what are the forms that you would advise to make something revenue-neutral? Is it mail a cheque to everybody? Is it reduce taxes? I have no idea.

Mr. Craig Wright: No, not mail a cheque to everyone. A couple of things: Revenue-neutral, I suggest, is the way to go. I don't even think we have enough information yet to know if it's deficit-neutral, right? That's going to be an issue going forward in the context of fiscal projections.

In terms of the offset, I think you have to look at who bears the burden of any carbon pricing, whether it's cap-and-trade or a carbon tax. Typically, what you'd look for is an offset in either personal income taxes or corporate income taxes, or perhaps both, by an equal amount of dollars expected to be raised.

Mr. Victor Fedeli: Okay. Thank you.

The Chair (Mr. Peter Z. Milczyn): Mr. Vanthof.

Mr. John Vanthof: Thank you for coming to present today. I'd like to start at this end of the panel.

Ms. Block, you mentioned, and you were the only one who did so, that different parts of the province—I don't know how to put this. It's fine to have an aggregate growth number, but aggregate growth doesn't describe the whole province. Construction numbers don't describe the whole province. I'm wondering if you could expand on that, because sitting here or sitting in southwestern Ontario or sitting in northern Ontario—because we're talking about people here, and the economy is people. How does it impact people?

Ms. Sheila Block: I think that we've seen some very, very hard times in southwestern Ontario that predated the 2009 great recession, the shift in the economy and a kind of discrete reduction in manufacturing employment that was in fact the economic base and the source of a lot of economic productivity. We've seen that in southwestern Ontario. We've also seen a hollowing out of that in Toronto as well.

The impact of commodity prices on northern communities is kind of well known as well. Because of that cyclical nature and because of that kind of shift, we're seeing more of a kind of bifurcation of the labour market. On the one hand, you're seeing these high-earning jobs being created, and on the other, we are seeing an increase in precarious work. So we're seeing an increase in low-wage work and we're seeing an increase in part-time contracts and other forms of precarious work.

I think there is an unevenness, as you alluded to. That construction boom I think is happening in the GTA area and much less so in other parts of the province.

Mr. John Vanthof: There seems to be a distinct difference in views, which I appreciate, regarding corporate taxation. In your view—hopefully I get to Mr. Eisen's as well—has what he would term our competitive rate of corporate taxation benefited the overall economy and all sectors of the economy?

Ms. Sheila Block: I think the question is that the hope for this decrease in corporate income tax rates and the policy perspective for it was that it would spur a great deal more investment than actually was delivered as a result. That's kind of the backward-looking perspective, to say it didn't deliver what we had hoped it would deliver, and Ontario has one of the lowest effective corporate income tax rates than definitely the border states, perhaps the US. Some of my colleagues could provide you with a little more detail on that than I could.

I think we also have to really look forward—and that's something that some of your colleagues have been talking about—in terms of if there is the kind of decrease in corporate income tax rates in the US that have been tweeted about or promised, or however we can describe what's happening down there.

I think we really have to think long and hard about how investment location decisions are made, and I think there are a wide range of factors, as we have seen, that have an impact on that. Part of that has to do with exchange rates. Part of that has to do with health care costs. We know another factor that has to do with it is liveability, affordability, community safety. There are a whole range of important factors that affect investment locations. Are we going to compete, trying to move to the lowest common denominator, or are we going to try to compete from our strengths?

Mr. John Vanthof: I'd like to switch gears a little bit and ask your opinion. Do you think that the sell-off or the privatization of public services (a) is generally a good or bad idea, and (b) the money, the overall long-term income, that we're losing to what in our opinion is, once again, to balance the budget short-term—I'll use Hydro One as the example—was that a good public policy idea, in your opinion, or not so good?

Ms. Sheila Block: The privatization of Hydro One, from a policy perspective, has a number of problems, one of which is that there are a number of efforts that have actually said that because this was a revenue-generating entity for government, there have been estimates that the loss of revenue is offset by any gains that are made in the short term through the sale. So there's one, around how the numbers add up, and the numbers do not add up very well for the Hydro One privatization.

The second question is on policy flexibility and, in particular, on something that is such an essential public service on the one hand and, on the other hand, that is operating in such a complex regulatory environment. The pat answers that say, "Oh, we don't have to worry about rates because the Ontario Energy Board sets rates," I think, really do a disservice to the discussion.

I also think, in terms of issues around policy flexibility and what we are going to need to do, we are once again—I think this is the third warmest year that we have had and recorded worldwide. We have very, very serious environmental issues that we have to deal with. Very, very legitimately, private sector businesses' job is to maximize profits, and I have no trouble with that. But I think when we privatize public services, we lose that policy flexibility that we really have an urgent need to act on.

Mr. John Vanthof: Thank you.

Mr. Eisen, I'd like to hear your views on corporate tax rates. You're obviously very worried if corporate tax rates rise, but if you look at the economy now, has the economy benefited greatly in jobs, over all of the province, from our current corporate tax rate scheme?

Mr. Ben Eisen: Yes. You'd have to say that the economic research literature suggests that it probably has benefited from having lower rates relative to what would have happened if rates were higher.

Obviously, a lot of things affect the rate of job creation and economic growth in an economy over a particular period of time. The fact that we've had a relatively low corporate rate environment coinciding with a period of relatively weak job growth and economic growth for some period in Ontario does not disprove, I think, how important competitive corporate income tax rates are.

This is one of those areas where I don't have much choice, given the things that I know about and the things I don't, to review and understand the literature that exists on the marginal costs of different types of taxation. My reading of the literature—which is a field I don't do independent research on, so I'm sort of forced to rely on the aggregate of expert opinion—is that corporate income taxes are one of the most economically distortive ways to raise revenue—that the marginal costs of raising a dollar of taxes through the corporate income tax is substantially higher, in terms of economic efficiency and economic losses, than raising a dollar through a sales tax.

That's my understanding of the economic literature. That suggests that even if there are other factors creating outcomes that don't seem consistent at first, competitive corporate income taxes are very good and contribute to the province's economic health.

Mr. John Vanthof: You've also focused on on balancing the budget. I've run a business for a long time, and I fully understand managing money. But the overall statement of the importance of balancing the budget—I think you also have to somehow back it up by where you're going to cut.

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From where I sit, from where I come from, and in parts of the province, in northern Ontario, we've already suffered undue cuts in public transportation. To balance, if you're going to focus that strongly on balancing the budget, you have to focus on where you're going to cut. It's an easy statement to say we have to go towards balance; it's a much harder statement to say where that balance is going to come from. I would like to have a bit more discussion on that. We'd all like to balance the budget, but where are the cuts going to come from?

Mr. Ben Eisen: I think that, just for starters, we have seen a slowdown in the rate of spending growth for some period of time. One of the things that I'm suggesting in my comments is that it would be a mistake to view the balancing of the budget as a sign that we can now loosen the purse strings and pursue a much greater rate of spending growth, or greater at all, given the challenges that we continue to face.

I think that, absolutely, continued restraint in the area of public sector compensation has to be at the heart of any efforts to maintain a balanced budget and maintain fiscal health in the province. That's obviously one of the most important expenditures for any provincial government. There is research out from my own organization showing a significant public sector pay premium for comparable jobs—so working in that area to maintain.

Again, this isn't necessarily about getting to where we need to get overnight through some sort of substantial cuts. It's a question of recognizing the need for continued discipline in the years ahead, recognizing that we haven't yet achieved the most relevant fiscal goals and that we need to continue to spend carefully going forward. That's one area I would point to.

Again, in specific areas of public management, organizations put forward research about ways to restructure education funding within our school boards. I would refer to that and think that that provides some specific advice in one particularly important area of public management about how to save money.

But I certainly agree. The last time that we underwent a really significant fiscal consolidation was the 1990s, and that's when there was a large-scale welfare program that had a number of problems that we were able to reform and significantly reduce spending in that area.

We may not have the same kind of low-hanging fruit in terms of policy reform this time, which may make our work more difficult, but that doesn't mean that it remains any less vital that we be very disciplined and prudent with public spending and that we try to get back to a public finance that looks more like it did before the recession.

The Chair (Mr. Peter Z. Milczyn): Okay, thank you.

Now we've completed the rounds of questions, so I'll open it up to the floor. I will try to balance so that everybody gets a fair share of time.

Mr. Baker.

Mr. Yvan Baker: Thank you all again. My question is to you, Ms. Block, if I may. Currently, it's well publicized that the provinces are in discussions with the federal government around the Canada Health Transfer. The latest proposal from the federal government would actually reduce the share of health spending by the federal government over time.

I guess what I'm asking is, what are your thoughts on the renewed Canada Health Transfer and your view on what needs to be done by the federal government to support health care in Ontario? Because it is a shared priority, I think, for all of us, not just from a fiscal perspective but from the perspective of the welfare of the people of Ontario.

Ms. Sheila Block: This discussion is one that is, in some ways, similar to discussions that happen at the municipal level quite frequently.

I think it's a pretty profound disappointment that many of us have that the federal government isn't meeting the commitments that were made during the election campaign about the renegotiation of the Canada Health Transfer, and also that Ontario, which delivered so much of that majority to the federal government, seems to be left behind. Those two issues are of great concern. My hope is that the federal government will turn around and will in fact reconsider this and increase health transfers.

The problem with that is, that might not happen. If that doesn't happen, then the province is going to have to look to its own source revenues to fill that gap. I think the government has to be prepared for both outcomes. If the concerns of the Financial Accountability Officer, with the expectations of transfers, because I think most of those reports were produced before the breakdown in negotiations—I think it's a graver concern. Really, the government has to take a deep breath, look at it and figure out how it's going to raise enough revenue to maintain public services.

The Chair (Mr. Peter Z. Milczyn): Mr. Fedeli.

Mr. Victor Fedeli: Mr. Eisen, I'm going to try to paraphrase something I believe you wrote maybe a year or so ago. It was talking about restraining spending or constraining spending, and it was something like: If the province's spending only matched the growth numbers, we would have been in balance in X year and actually had a surplus this year. First of all, was that you who kind of half-said that?

Mr. Ben Eisen: It sounds like the kind of thing I might have said. I think I know what you're referring to. We have done research suggesting what Ontario's fiscal outlook would look like today in the event that spending had been held to the combined rate of inflation plus population growth.

Mr. Victor Fedeli: Yes.

Mr. Ben Eisen: I'm afraid I don't remember the start year, but since around the middle of the last decade—over the last decade or so. It did show that the fiscal outlook would be completely different; that we would have run surpluses in nearly every year and we would certainly be heading into a surplus this year. The big run-up in debt that has occurred wouldn't have happened. That is also, similarly, held to the rate of economic growth, which is, of course, an important metric to consider since it's the underlying economy from which the resources that fund government have to be drawn. If government consistently is expanding at a faster rate than the underlying economy, that's not a state of affairs that can go on forever. But, yes, our research did show—and this is particularly driven by the large spending increases during the last decade—that if spending growth had been held to the rate of inflation plus population over that time, the fiscal outlook would be completely different.

Mr. Victor Fedeli: Thank you.

The Chair (Mr. Peter Z. Milczyn): Mr. Vanthof.

Mr. John Vanthof: Thank you. Ms. Block—perhaps the others—you mentioned precarious employment. I think that over the last few decades there has been a slow shift from stable, full-time, benefit, sick-leave, pension types of jobs to precarious employment. My wife works in a restaurant and works with all kinds of people who have to have two or three jobs. At the same time, we see that the overall wealth mix in the country is seemingly—the middle class is seeming to disappear. We're having a whole bunch up here and a whole bunch down here. Do you think those issues are related? Is it something we can address?

Ms. Sheila Block: Sorry, which issues?

Mr. John Vanthof: The issues of the wealth mix in the province and the country, and, at least from what we see, the increase in part-time employment.

Ms. Sheila Block: Recently, StatsCan data was released on the top 1% of income earners, the top 5% of income earners and the top 0.1%. What that really showed is that, increasingly, their earnings are coming from employment rather than our old idea of coupon-clipping. So absolutely what we're seeing is increasing incomes at the top, and then we're also seeing an increase in low-wage work and an increase in that kind of precarious work that you're talking about.

I think there is an important role that government policy can play in that, one of which is to transfer some of that income from those high-income earners to those lower-income earners. Given the budgetary constraints that the government feels it's facing, one of the ways to do that is through regulation. It has made some progress on that in terms of increases in the minimum wage and the indexation of the minimum wage. There is a big policy process out there at the moment, the Changing Workplaces Review, that really has the potential to provide more stability to low-wage workers and also, as a result of that, to do some of that transfer from higher incomes and from profits down to those lower-wage workers through changes in regulation, which would be at zero cost to government. I assume my colleagues would be in full support of that.

Okay, that was a joke. It was a joke. I'm an economist. That's as close as I get to a joke.

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The Chair (Mr. Peter Z. Milczyn): Mr. Fedeli and then Mr. Baker.

Mr. Victor Fedeli: Thank you very much. I appreciate that.

Earlier, Ms. Block, I think you talked about investment decision locations. I hope we're talking about the same thing. Earlier today, we had many deputants here who talked about hydro, hydro, hydro. One talked about the fact—it was the Canadian Federation of Independent Business, as a matter of fact. They said that the higher electricity prices—56% said they had to increase the price of their products, 43% said they delayed investments, and 13% considered closing their businesses or relocating. If it were manufacturers, it would be 20%. We had Maple Leaf Foods, who talked about energy, all before cap-and-trade and natural gas and vehicle, that had an adverse effect on their business. Food and Beverage Ontario said that they get calls weekly from Indiana, Wisconsin and Michigan to cross the border and move there. Is that you were talking about, that part about the investment decisions?

Ms. Sheila Block: Investment location decisions, yes, where—

Mr. Victor Fedeli: So my question will be: How important, then—we haven't really talked much about the energy aspect vis-à-vis Trump, first of all, but mostly just in general about here. How do you understand that to be affecting the investment decisions?

Ms. Sheila Block: Those energy prices are problematic both for individuals and for businesses. I am reaching the limits of my expertise here. My understanding is that a pretty large part of that increase in hydro prices has to do with the need to refurbish nuclear plants. I don't know that there is much that can be done about those costs. I understand, also, that in an attempt to green the economy more, some pretty serious policy mistakes were made, and some bad political decisions were made as well. The share of those three—the necessary upgrades versus bad policy versus political decisions—has resulted in the situation that we are in at the moment.

I think that comparisons to Quebec or Manitoba hydro rates, where they actually can rely on hydroelectricity, are not that appropriate. I think we have a real problem here. I don't necessarily think that we have found the appropriate policy solution. I would, in fact, like to hear my colleagues' thoughts about that.

Mr. Victor Fedeli: That's up to the Chair, I guess.

Ms. Sheila Block: Sorry.

The Chair (Mr. Peter Z. Milczyn): Any one of the three of you is free to answer that or follow up.

Mr. Craig Wright: I'll touch on it briefly. As everyone is well aware and as I think the Premier has admitted, the electricity file has been a mistake. That's perhaps an example of why Hydro One may make more sense in the private sector than the public sector, because we've seen how it worked in the public sector and we're paying for those bills today.

I think that when we look at the competitiveness and the under-investment in the light of corporate income tax cuts, perhaps this is part of the story. When firms make investment decisions, it's based on a number of factors, but first and foremost, there has to be demand. Once demand picks up, then you start seeing employment. Maybe you see a transition from part-time to full-time or overtime, and then investment. But this weakness in investment is a global issue, so there are a lot of moving parts there and the uncertainty is definitely part of that.

There's talk of this slower speed limit for global growth and a slower speed limit for Canadian growth and Ontario growth, which means less demand down the road for investment. So there's a demographic challenge, there's a cyclical challenge, and uncertainty. The overall competitiveness: You put it in the context of what we've done on corporate taxes now relative to what's going on in the US, the personal income tax side and competition for the best and brightest. On a number of fronts, we're going in the wrong direction, and I think electricity is one of the many areas that makes Ontario investment less attractive than only a short while ago.

Quebec and Ontario and the border there: We're constantly hearing talk about location decisions favouring Quebec relative to Ontario. Client and business groups: We meet across Canada and across Ontario. There are a number of risks always at the top of the list, but electricity charges in Ontario are always one of the top three worries for businesses.

The Chair (Mr. Peter Z. Milczyn): Mr. Baker.

Mr. Yvan Baker: I wanted to circle back to something we were talking about in the previous round of questioning, and then maybe open it up to all three of you to answer, if I could. I'll start with you, Mr. Wright, but please, I would love to hear the insight of all three of you, if possible.

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We were talking earlier about our debt-to-GDP ratio—with you Mr. Eisen, in particular. I think we're around 39.5%, or targeting around there, and the projections are for it to start tipping down. The Financial Accountability Officer released a report very, very recently, talking about how the provincial government is relying less on the issuance of debt for spending purposes and for operating purposes and more for the purposes of capital, for infrastructure. So my question is really more around infrastructure. I'm wondering if you could talk a little bit about the importance of infrastructure: How does infrastructure investment support our economy? It's a two-part question. One is, what's the support to our economy? The second is, Moody's recently released a report talking about the fact that Ontario's decision to borrow at this time of low interest rates and invest that money in infrastructure is one of the reasons that supports their Aa2 credit rating. So I think my question to you is, how do those infrastructure investments that the government has planned—$160 billion over the course of the next 10 to 12 years—impact our economy, and how does investing at a time of low interest rates help support our fiscal position?

I'll start with you, Mr. Wright, but please feel free to—

Mr. Craig Wright: Sure. The debt-to-GDP ratio: Most governments are proceeding along the same path, and that's the assumption that the virtuous circle we're in will be maintained. When you look at the debt-to-GDP ratio, if you look at nominal interest rates—that's the rate at which your numerator increases—as long as that nominal interest rate is lower than your nominal GDP rate—what the denominator grows at—the math works. That debt-to-GDP ratio moves lower, regardless of what they do in any given year for our deficit, so we've got time there. We are long in the tooth in terms of expansion, so the risk is that we're closer to the next recession than to the last recession, even though it doesn't feel like we're out of it. So you don't want to wait too long before you get on that path.

To Ben's comment, you can improve your fiscal outlook just by slowing the rate of spending relative to revenues, plus the debt-to-GDP math, to the extent that nominal growth in the economy continues to move faster than nominal interest rates. It looks fairly reasonable going forward.

On the infrastructure side, the whole government spending file overall—I think there aren't many things economists will agree on, but one thing I think we agree on—I'll leave it to my panelists to disagree with me on that—is that infrastructure is probably the best bang for the government's buck, especially when the economy is weak. It does step in to fill the gap. It provides a short-term lift to growth. In a low-interest environment, it makes sense. The rate of return objective is easier to meet. But it also, in the long run, increases that speed limit, which will grow our speed limit, which grows government revenues, which will offset some of the pressures that the same aging demographic is going to push on the cost side as it pushes revenues down. So I think it has a rate of return. It boosts long-run productivity and the speed limit for the economy, and that's all good in the short-term cyclical perspective. It supports growth. But I do think it has to be done in the context of a reallocation of spending, not outright more spending, but picking some areas where you can spend more and some areas where you should spend less. A zero-budgeting exercise is probably a good start on that.

Mr. Ben Eisen: I'll jump in if that's okay.

I certainly agree with Mr. Wright about the importance of infrastructure for the economy. I think one point

I'll raise is that, particularly in recent years, I do think we've seen some governments having fun with the definition of infrastructure. Particularly in some recent budgets—I'm not suggesting this government—we've seen a very, very broad definition, including a lot of things that are referred to as social infrastructure and the like, community centres and things like that, that don't meet the classic infrastructure and that aren't as likely to have the same pro-growth effects as the kind of traditional infrastructure that we talk about. So I think it's important to keep that in mind, in developing capital plans and infrastructure spending, to be focused on the sources of infrastructure that have been demonstrated and that economists believe deliver long-term growth.

The second point I would raise is that I think there certainly has been a shift in the direction of capital spending and infrastructure spending being where the new debt is coming from, and that's all good, but I think that it illustrates the importance, and why it's important to keep operating deficits in check and to reduce them as quickly as you can. Ultimately, the debt does come from the same taxpayer, and if you rack up a lot of debt with operating debt budgets over a number of years, that leaves less flexibility to invest in things like infrastructure that are more likely to provide growth. So I absolutely think that's of crucial importance and the infrastructure investment is of crucial importance. That's another reason why it's important to be disciplined in other areas of operating spending, because I think that it's not always about more or less. I think it was David Brooks who said that it's often about "this or that." If we're not disciplined on the operating side or if we rack up a lot of operating debt, we have less room to make investments in capital spending that might be beneficial.

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The Chair (Mr. Peter Z. Milczyn): Mr. Vanthof, and then Mr. Barrett.

Mr. John Vanthof: Thank you—

Mr. Yvan Baker: Sorry, Chair. Is it possible for Ms. Block to answer that as well, or are we out of time?

Mr. John Vanthof: Yes, that's fine.

The Chair (Mr. Peter Z. Milczyn): Sorry about that. I didn't mean to cut you off. I just heard silence.

Ms. Sheila Block: That's okay.

Mr. Yvan Baker: You looked like you were about to answer, so that's why I said something.

Ms. Sheila Block: Yes. There is a limited agreement.

In terms of Mr. Wright saying "the biggest bang for your buck," that's in terms of the multiplier effect, right? So how much economic activity do you get out of different forms of government spending? A reduction in taxes gives the least and infrastructure investment gives you the most. I absolutely agree on that, and we have a huge and yawning infrastructure deficit.

I just want to caution against a kind of romance—or maybe I should call it "bromance"—with infrastructure spending and hard, rather than soft, spending, because we know that there is a gender difference in terms of some of the impact of that spending in terms of employment. We also know that those other services—you can build hospitals, but if don't have enough nurses in them to provide health care services, then you've kind of missed the boat.

With that caveat, we all do agree about the impact of infrastructure spending and the wisdom of investing at low interest rates.

The Chair (Mr. Peter Z. Milczyn): Mr. Vanthof.

Mr. John Vanthof: I wish that I had this much financial expertise at my disposal when I bought my first farm. I remember when I did that and I was talking to the bank. At that time, interest was 11% or 12%. It didn't take long that, in interest, I was paying 22%. Everyone at that time assured me, "Oh, no, no, John. It's going to get better." Now no one has ever heard of interest at that rate. I almost had the shortest farming career in history.

We've all talked about it. It's pretty easy to make decisions when interest is this low. It's pretty easy. In all three of your opinions, can we be relatively assured that interest is going to stay at—no one's talking 20% again. Decision-making gets much harder if there is—I know that, from a personal business side, from people who own houses and people who do budgets for provinces and countries, the interest rate is critical.

All three of you.

Ms. Sheila Block: Oh, am I starting?

Well, as I said at one point, when interest rates were at 22%, if I really knew where interest rates were going, I wouldn't be sitting here talking to you. But I think we have shifted to a lower interest rate environment. I suspect that, if we went back to anybody's forecast, everybody has been forecasting an increase in interest rates. I think that "the rising interest rate risk is fairly low" is how I would characterize it.

Mr. Craig Wright: You mentioned that it's easier when rates are low. I would argue that it may not be so easy, just looking at interest rates, because part of the reason that rates are low is because the economic outlook is so uncertain.

There are some cyclical components holding down interest rates. There is some structural change, like adopting low inflation targets, which many central banks have done around the globe. Canada was one of the early adopters on that. It was successful in targeting inflation. We've had an inflation target of 2% for more than 20 years, and our average is 1.9%, so we're there. Inflation expectations are anchored around that.

But part of this slow growth, this secular stagnation or secular slow-nation or whatever term you want to use for it, is also consistent with a lower overnight and market rate environment. The Bank of Canada, like the Fed and many other central banks—everybody has done research to see what normal interest rates are in this new normal from a slower growth perspective, largely because of demographic changes that are challenging many of the major industrial economies.

In the not-too-distant past, people thought overnight rates' normal was something close to 4.5% to 5%, depending on the US, Canada and the like. Now people are in and around that 3% level. With overnight rates going up as high as 3%, you're probably not going to see a significant spike in longer-term interest rates back to the old 22%. That was a different inflation environment, a different growth environment, and also a different fiscal environment, right? That was the environment where Canada was in, the last time we started running up this debt-to-GDP ratio on a federal and provincial basis—different environments, different rates. But you never say never in economics.

Mr. Ben Eisen: For the very reason that Sheila suggested, I won't try to make a prediction about what interest rates will do, except to say that I do think rising interest rates or the possibility of somewhat higher interest rates do remain a risk that needs to inform budget-making going forward. It wouldn't take that big of an increase to increase the cost of borrowing enough that it would have real implications for the province's fiscal plans and its current projections for how it intends to maintain a balanced budget. I will go along with not making suggestions, but I will note that it is a risk to the fiscal plan, and that needs to be considered.

The Chair (Mr. Peter Z. Milczyn): Mr. Barrett.

Mr. Toby Barrett: I find the comments quite valuable from all three of you. Thank you for that.

I wondered if, in the time remaining, we could just briefly revisit some of this from the perspective of agriculture, agri-business, in both the United States and Canada, because our ag economies are so closely linked.

We know that with the impending change in administration—I understand that the stock market is still doing okay. There are expectations of a good economy with a business-friendly government coming in down there, cutting regulations, cutting taxes on income and corporations. In my discussions with farmers and farm leaders on both sides of the border, we understand that agriculture is a net benefit of international trade. So much of the agricultural growth in Canada and the United States isn't from feeding more people here; it's feeding more people in Asia and elsewhere, particularly with corn, soybeans and wheat. We ship hogs and cattle to the United States. We buy farm machinery. USDA figures have just come out on the record corn crop, the record wheat crop and the record soybean crop on both sides of the border. There's a surplus of all three commodities in the world. I think China holds half of the mostly US corn surplus. They don't know what to do with it. They have most of the soybeans and don't know what to do with them.

I just wonder. There are so many unknowns, especially in agriculture. These commodity prices are factors of good growing conditions this year. They were not so good a number of years ago with the drought, when the prices were very high. Commodity prices are plummeting. With trade, apart from NAFTA—any thoughts from an agricultural perspective? I know it's so complex. We're dealing with a lot more than just the weather.

Mr. Craig Wright: My light is on, so I'm going first.

Mr. Toby Barrett: We all make predictions.

Mr. Craig Wright: Yes. You touched on a number of topics. There's the cyclical perspective, and we've seen that. You get the big spike in prices. With a bit of a lag, you see the supply shoot up and prices correct. I think the agricultural community has a long history of experiencing those ups and downs from a cyclical perspective.

The structural issues: There are positives and negatives. On the positive side, technology adoption in the sector has been quite remarkable. The productivity from those respective farms across Canada as well as the US is jumping by leaps and bounds, which is a good-news story, assuming you have a market to get to. The market we get to: Globally, we are seeing rising middle-class demands for protein and demands for a number of key commodities. Even adjusting for the cyclical pressure on commodity prices, I think we're looking at a firmer long-run outlook for commodity prices, but not at the levels we saw a short while ago when that euphoria first hit the space.

Decent prices: It's all about access to market. That's the biggest risk. The challenge with the new administration is a worry between Canada and the US. The risk is that NAFTA renegotiation is the first step onto the bigger step, which is the real enemy, perhaps, and that's China, which is the area where we're trying to diversify our growth. So we could get hit on both fronts, depending on how aggressive the new administration is first and foremost with NAFTA, but then beyond that with China and others.

Mr. Toby Barrett: So any US retaliation against China would hurt us as well?

Mr. Craig Wright: The risk is that we get pressured into conforming to some sort of reworked NAFTA, and then the reworked NAFTA countries go after China.

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If you look at the concerns that the President-elect has—as I guess he still is—it's on the trade deficit basis. When you look at trade deficits that the US runs with Canada, it's small; with Mexico, it's bigger; and with China, it's a whole new league unto itself.

I think that if the appointments he has had that, in the past, have taken shots at China—if that's a trend that goes forward, and we're part of NAFTA, then we would be in some way guilty by association.

Diversification of exports was from 85% to the US down to 75%. That growth has taken place in part in China, which is only 5%. But in terms of the growth story, that has to be where we're looking, going forward. A thicker border in Canada may well follow with a thicker border globally.

Mr. Toby Barrett: I'm sorry. I didn't hear the last part. I guess we've run out of time, have we? Just the last sentence.

Mr. Craig Wright: The risk is, as I suggested, a thicker border with the US, Canada-US, and then NAFTA against other countries, and globalization coming under threat—protectionist sentiment. There will be retaliation if the US goes hard-line.

The Chair (Mr. Peter Z. Milczyn): Ms. Block, Mr. Eisen and Mr. Wright, I want to thank all three of you for your time and your expertise and for sharing it with us this afternoon. If you do want to provide something in writing to the committee, please feel free to do so up until the end of the day on Friday. Thank you very much.

Mr. Craig Wright: Thank you.

Mr. Ben Eisen: Thank you very much.

Ms. Sheila Block: Thank you.

ONTARIO TRIAL LAWYERS ASSOCIATION

The Chair (Mr. Peter Z. Milczyn): At 2:30, we have the Ontario Trial Lawyers Association scheduled. Good afternoon. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Progressive Conservative caucus. If you could please state your names for the official record as you begin your presentation.

Mr. John Karapita: My name is John Karapita.

Mr. Adam Wagman: My name is Adam Wagman.

Ms. Claire Wilkinson: My name is Claire Wilkinson.

Mr. John Karapita: Thank you, and good afternoon. As I said, my name is John Karapita. I'm the director of public affairs for the Ontario Trial Lawyers Association. I'm joined by our association president, Adam Wagman, who's a senior partner with Howie, Sacks and Henry here in Toronto, and our president-elect, Claire Wilkinson, from Martin and Hillyer Associates in Burlington.

We're very pleased to be able to spend a few minutes this afternoon to discuss our ideas with you about auto insurance reform in Ontario.

We've been spending some time discussing our ideas and meeting with MPPs in the last little while. I want to share with you what we made clear in those meetings with you and your colleagues: that we're committed to working with you to develop lasting solutions for auto insurance reform.

As we begin, I'd like to quote Don Forgeron. Mr. Forgeron is the president of the Insurance Bureau of Canada. Just a few months ago, in one of the insurance trade publications, Mr. Forgeron said—and we wholeheartedly agree—that Ontario's auto insurance system "has been broken for more than two decades." The Ontario Trial Lawyers Association certainly agrees with that statement. Our system is definitely broken and in need of a significant overhaul.

The paper that we distributed to you today and that you have before you outlines our solution-based ideas for reform. It's the ideas that we put forward in discussions with David Marshall, who, as you know, has been asked by the government to advise on lasting solutions for auto insurance in Ontario. Today, we want to touch on the highlights from that document and initiate a dialogue, and continue that dialogue with you, on the possibilities for reform. I stress that we think it's time for all stakeholders in this insurance sector to come together and really work together on those lasting solutions.

Ms. Claire Wilkinson: We'd like to underscore that it's important that David Marshall's recommendations lead to a long-overdue and meaningful debate and discussion about auto insurance. We'd like to see the province return to the basic principles and goals of an effective automobile insurance system, using simplicity and certainty.

The vast majority of people that come to our offices who have been injured in a car crash have no idea what their coverage is. I don't know if all of you know all the details of your coverage: what you pay for in your premiums; the benefits you're supposed to receive; the extent of monetary coverage for income benefits or for medical rehab costs. Most people don't know. It is a complex document. I meant to bring it with me today. It's a big, thick document, and it has been changed dozens of times over the years through all of the different political parties. It is complex, and right now people need lawyers to help them work their way through and navigate this document and this legislation when they have claims.

It might surprise you to know that we're here to say to you that that shouldn't be necessary. Lawyers shouldn't need to be part of this equation. You might wonder why a group of lawyers would come here and say, "You shouldn't need lawyers." People might think that lawyers are just out there to get business, but we're saying no. You shouldn't need lawyers to help injured people deal with their own insurance company contracts. It shouldn't be that complicated.

When you have claims through your extended health policies through work—let's say you have physiotherapy or medication costs or whatever—you don't need a lawyer; you just submit it through the company. You don't need to negotiate with an insurance company; you just submit it. You don't need to go see a doctor that the insurance company has chosen to confirm that you need the treatment that you applied for; you just get it paid for.

What we're trying to say to Mr. Marshall is that Ontario needs to consider that kind of design in the automobile insurance product so that people should be able to just have a relationship with their own insurance company and not need the lawyers. The lawyers should only come in when there are issues in dispute that can't be managed.

It's our position that if we were to move towards a more efficient and streamlined system like that, people would get earlier treatment and there would be less disputes between the insurance companies and the insured, which would mean reduced costs for Ontario's system because the insurance companies spend an absolute fortune on insurance medical exams, trying to verify if people need benefits or not.

Ideally, if lawyers could be removed from the system because the system was working on its own in a simple and straightforward fashion, the insurance companies would save money and it would be better service for the people of Ontario.

Mr. Adam Wagman: In addition to simplicity and certainty, what we need is a focus on full compensation for innocent victims—those people who have been injured at the hands of a distracted driver, of a careless driver or of an impaired driver. Full compensation for those innocent victims means that individuals who are injured in a motor vehicle accident will have access to the courts to obtain reasonable—and only reasonable—compensation for their losses. That is what's currently the case, by the way, in case you're wondering, in BC, in Alberta and in the Atlantic provinces without artificial constructs in our regulations like a threshold, a deductible, limitations on being able to recover your actual out-of-pocket expenses, whether it's for medical treatment or your loss of income.

The reason is that the tort system is a far more efficient system than the accident benefits system. That has been proven over the years. It involves far less in the way of the transaction costs that Claire was discussing. It's not susceptible to the kind of misuse that we often hear alleged to exist in the no-fault system. Within the tort system, there are none of those forms to fill out every single day, there are no daily submissions and paperwork that an insurance adjuster has to respond to within very short time frames, and there are significant repercussions for bad actors.

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The reasonable expectations of consumers that they can recover what they have reasonably lost at the fault of a careless driver will be met, and that's not currently the case in Ontario. Personal values will be protected. At the end of the day, it's up to a judge and jury to decide what constitutes fair compensation for that injured person, based on the evidence.

In the most recent FSCO three-year review on auto insurance, the report concluded that the bodily injury model in use in Alberta, New Brunswick, Nova Scotia and PEI—which has some caps on payment suffering for minor injuries but broader access to the tort system for other damages—combined with modest accident benefits appears to have contributed to lower costs and premiums in those jurisdictions. That was the conclusion of the FSCO report. Accordingly, other systems in Canada should be used as a model for Ontario, which should lead to a fair and affordable insurance product.

Here in Ontario, we frequently compare our auto insurance system to others across the country. People ask us all the time, "How does it compare?" Despite what you have heard and what you have been told, far from being the most generous system, we have fallen woefully behind other jurisdictions. Our system is terribly broken, and we could do far worse than replicate what other provinces have in place.

In closing, I want to thank you all for listening patiently. We're eager to answer any questions that you have, and we're most eager to work with all of you and all of the other stakeholders to find solutions for our auto insurance system that benefit all Ontarians. Thanks for listening.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. We start this round with the Conservatives.

Ms. Ann Hoggarth: What?

Mr. Victor Fedeli: We thought it was you guys.

Ms. Ann Hoggarth: Yes, it is us.

The Chair (Mr. Peter Z. Milczyn): The expert panel started with the Liberal caucus.

Mrs. Cristina Martins: Then it went to the Conservatives and the NDP, so now it goes back here, right?

The Chair (Mr. Peter Z. Milczyn): As the committee wishes. All right.

Mr. Adam Wagman: We'll take questions from whoever is asking.

The Chair (Mr. Peter Z. Milczyn): You only get one caucus at a time. All right, then: the Liberal caucus.

Ms. Ann Hoggarth: Thank you very much for your presentation. I sympathize with some of the discussion about having to deal with issues with insurance. A gentleman came into my office. He has no living relatives. He came in, and I thought, "This is a little frivolous," but there's a $12 cost on his insurance that is for money, if he's in an accident or he's killed, to go to compensate families—$12. I guess that's on everybody's. He said, "I don't have any living relatives. I don't want to pay that $12."

I can't tell you how long it took us to get him his $12 back, but it is ridiculous. I wonder how many people are like that, that they're getting charged for something that in no way can they ever benefit from. They really shouldn't be paying for it.

Mr. Wagman, you were recently quoted in the Toronto Star, agreeing that referral fees are becoming a problem. Can you tell the committee how this practice is impacting consumers and what you propose as a solution, please?

Mr. Adam Wagman: Sure; happy to. We've been working with the law society on that very problem. One of the things that referral fees has done is, frankly, funded a lot of the advertising that you see around the province for personal injury lawyers. We'd rather see that money go into the hands of accident victims than used for advertising purposes.

On the other hand, there needs to be a reasonable system in place to make sure that the case gets into the hands of the lawyer who is best suited to assist that. So there's a balance to be reached. We've recommended a balance that would cap referral fees at 10%—that is, 10% of the fee that the lawyer charges to their client—to be paid to the referral source. Our organization thought that was striking the right balance.

Back to your point about that individual who's paying for something that they don't need: What has happened in Ontario is that we've gone to a system that has more optional benefits in place. Our vision would be, as Claire discussed, a scaled-down, easier-to-access accident benefits system, but one that also has those optional benefits available for people to purchase what they need. Optional benefits are only useful if consumers are informed about optional benefits. I would ask you to put up your hands if you have any idea what the optional benefits are currently here in Ontario, but I'm not going to embarrass all of you who are not going to put up your hands. The reality is, the problem with the optional benefits system that exists now is that nobody knows about it. So if insurers and brokers—frankly, to some degree, the government does a better job of getting the word out. Then we can get a system in place that is streamlined, that is less expensive but that also provides benefits to those who need them.

Ms. Ann Hoggarth: This gentleman was told that it was the government that said that he had to have it, which, after looking into it, was not true. He was told it was the law and it was not.

Mr. Adam Wagman: Unfortunately, many consumers are misinformed by those whom they ask about insurance.

Ms. Ann Hoggarth: He was sure that we were going to fix this for him, and we did.

Mr. Adam Wagman: Excellent.

Ms. Ann Hoggarth: But if he had not been persistent, we wouldn't have been able to do that.

Mr. Adam Wagman: And if he wouldn't have had an advocate who was willing to spend likely more than $12 worth of time on a $5 issue, then he probably wouldn't have gotten a response.

Ms. Ann Hoggarth: Exactly. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation this afternoon. If there's anything further in writing you'd like to provide to the committee, you can do so until 5 p.m. on Friday.

Mr. Adam Wagman: We will do so.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Ontario Public Service Employees Union. Good afternoon. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions by the Conservative caucus. In case anybody doesn't know who you are, if you could please state your name for the official record as you begin.

Mr. Smokey Thomas: My name is Smokey Thomas. I'm president of the Ontario Public Service Employees Union. With me today I have Clarke Eaton, special adviser to the president.

Good afternoon. I'm Smokey Thomas, president of the Ontario Public Service Employees Union, and I'd like to thank you very much for the opportunity to speak to you today on behalf of all 130,000-plus members of OPSEU.

As most of you know, I've appeared before this committee to talk about the provincial budget just about every year since I was first elected president back in the spring of 2007, and there's a very good reason for this. There is no member of my union who is not affected in a very direct way by the decisions that are made in building the provincial budget.

Like all Ontarians, OPSEU members use the public services that are funded and delivered by the province. We drive on the roads, our children go to public schools, colleges and universities, and our parents need home care and health care just like everybody else. But OPSEU members have a different stake in the provincial budget: We deliver the services that the budget helps pay for. This gives us a very different perspective.

All Ontarians see the public face of public services, and our members are that public face in many cases. We help you renew your driver's licence; we do safety inspections on big trucks; we take your X-ray and your blood donation; we help people deal with addictions; and we teach the skills needed by the workforce of the future. In fact, OPSEU members are the face of public services.

We also work behind the scenes, so we see first-hand how the machinery of government works. OPSEU members know what the government is doing right and we know what the government is doing wrong. And now, seven years after then finance minister Dwight Duncan launched the current age of austerity, government is doing a lot of things wrong. That's our experience and it's the experience of all Ontarians who depend on public services.

The great recession of 2008-09 was not caused by people in the public sector. It was triggered by the greed of a tiny group of private sector millionaires and billionaires; yet around the world, it's been the public sector that has paid for the damage those people did and we've paid and paid and paid.

My members have fought hard to maintain their standard of living. Yet, because of Liberal austerity, the typical OPSEU member's income is at least 5% lower after inflation than it was seven years ago. Of course, the sacrifices made by public employees, not just OPSEU members but all public employees in Ontario, have lessened the impact of Liberal austerity on public services. Nonetheless, the impact of austerity has been brutal.

So where are we at today? We're at last place; that's where we are. We rank 10th out of 10 provinces when it comes to per-student funding for our colleges. The number of licensed residential beds for children and youth in care is down 35% in the last 10 years. And as we wrap up the ninth consecutive year of real-dollar cuts to our hospitals, we have fewer hospital beds per capita than any other province.

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In the time I have, I can't talk about the impact of Liberal austerity on every service that my members provide, but I can tell you this: On the front lines of public services, there literally is nothing left to cut. So it was pretty alarming last week when the province's Financial Accountability Office, which has previously criticized this government for throwing away money by privatizing Hydro One, indicated that the only way the budget can be balanced by next year is through cuts to health spending in the order of $2.8 billion. This cannot happen.

There is no doubt in my mind that many Ontarians have already died as a result of Liberal austerity. More cuts at this stage would be murderous, and I don't use that term lightly. If I think of what's happening in the sector that I come from, which is mental health care, we're seeing rising levels of violent assaults on staff. If we don't see a substantial investment in staffing, better training, better equipment and better facilities in mental health care, then it's just a matter of time before someone is killed. That's what this budget means to us. Austerity must end, and it must end now.

This government continues to brag that it has the lowest program spending per capita of any province in Canada. As I've said many times before, this is not something to brag about; this is something to be ashamed of. The impoverishment of people and public services in Ontario is not based in any kind of objective reality. As a province, we are not poor. There is no reason that our people should be, and there is no reason that our public services should be facing cut after cut.

A single fact illustrates this point. Right now, today, gross domestic product per capita in Ontario is higher than it has ever been. As a province, we are richer than ever before, yet a third of our workforce is struggling to get by on insecure, part-time, temporary, precarious work, and everywhere you look, public services are starving. It appears that, relative to Ontario, every other province places a higher premium on the well-being of its citizens. No province spends a smaller percentage of its GDP on public programs. All other provinces have made a decision over the decades that investing in public services is good for people and good for the economy.

Based on the 2016-17 fiscal year, if Ontario's program spending relative to GDP equalled that of British Columbia, this committee would be deliberating on how to spend an extra $19 billion. That number, by the way, is almost exactly how much money is missing from provincial revenues right now, this year, as a result of the tax cuts that began with former PC Premier Mike Harris and continued with former Liberal Premier Dalton McGuinty. Money that used to be spent on public services for all of us is now being enjoyed by the people who need it least.

There is no shortage of money in Ontario. As we learned two weeks ago, CEO salaries in Canada have kept on chugging upwards, through good times and bad. Right now, the top CEO in the country makes $9.5 million a year—193 times the wage of an average full-time, full-year worker. Meanwhile, single Ontarians who are forced to collect social assistance through Ontario Works receive a maximum of $706 a month. In real dollars, that's close to $300 a month less than the rate was in 1993. The poverty is bad enough, but the inequality is outrageous. The next budget must take action to make our society fairer, and there is no better place to start than by raising the rates for those on Ontario Works and the Ontario Disability Support Program. There is plenty of room to do so.

I encourage you all to expand your thinking and to work to get us outside of the box we're currently stuck in. We need to bring our revenues in line with those collected in other provinces if we want to even dream of having public services that meet the needs of Ontarians. My members deliver the best they can with what they've got, but they haven't got the support they need in order to deliver the services Ontarians need and deserve. As I said, austerity must end and it must end now.

The fact that we need more revenue does not mean that we should not spend our money wisely. If this government wants to improve its bottom line, the number one easiest way to do so is to end its obsession with privatization. Whether we're talking about infrastructure spending, the contracting out of services or the sale of public assets, privatization in Ontario has been a disaster from start to finish. Our union will have much more to say about this over the next year and a half in our "We Own It!" campaign, but the point I want to make right now is that privatization is wreaking havoc with the provincial budget.

In boardrooms, on job sites and in workplaces across this province, privatization is eating public dollars the way termites eat floor joists. Public services are collapsing. Forget what you've been told. Privatization is not about improving services; it's not about saving money; it's about mining the public wealth that belongs to all of us and delivering it to private investors for whom the public interest is not a consideration. As members of this committee, you have a different responsibility: You are responsible for the public interest.

I wish you good luck. We'd be pleased to take your questions.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much. Welcome back, Mr. Thomas—Smokey. Welcome back to our hearings. It's always a pleasure to have you here. Thank you for your work on behalf of your members.

I'm going to take advantage of the fact that you're here and just kind of go a little off-topic and ask you something that I've been curious about since I read this article. Oxfam came out a short while ago with this disparity-of-wealth discussion, where they told us that the two wealthiest people in our country are as rich as one third of all of the rest of Canada. Oxfam suggests that an investment in public service is going to be part of the solution. I'm really eager to hear how that works and what you have to say about that.

Mr. Smokey Thomas: It's marvelous that an outfit like Oxfam, which really has the attention of the world—it operates on the world stage—has shone a light on this. Public services, in my mind, are the great equalizer. Whether it's access to government-funded education or health care, it's the great equalizer. So in Canada or in Ontario, it should, was and still should be equal access for everybody, and that's what public services do.

Public services, ODSP payments and Ontario Works payments: That's a public service. If they were what they should be, just think about how much better off people would be. All those dollars invested through that public service would save the health care system probably $7 for every $1 invested in the future. Children: every $1 invested saves $7. So public services are the great equalizer, and yet we appear to be abandoning public services in this province. Ontario is farther behind the rest of the world in selling assets and getting rid of services, but they're rapidly catching up to other places like Australia, New Zealand and Great Britain, which have sold off just about everything and privatized everything that moves. The view—I've heard it from cabinet ministers in this government; indeed, Deb Matthews—that anything can be monetized: I said, "Sure, you can monetize anything; it doesn't mean it's a good deal for taxpayers or people." And that's what we're fighting against—that kind of stuff.

Public services are the great equalizer, and I applaud Oxfam for saying it and recognizing it.

Mr. Victor Fedeli: Earlier in your presentation—in fact, in the opening paragraphs—you talked about the fact that, "Like all Ontarians, OPSEU members use the public services..... We drive on the roads," and that type of thing. We've heard an awful lot today about hydro rates. Obviously your 130,000 members have a hydro bill at home as well. Do you have any comments for our committee with respect to hydro rates in Ontario?

Mr. Smokey Thomas: Yes, they are outrageous. I actually asked my wife. I work away, so she pays the bills. I looked at our hydro bill, and I just about fell over—and I can afford to pay it. But I think really the statement the lady made that went viral when she was talking to Justin Trudeau about hydro rates captures it all. Hydro rates affect—well, you're from rural; well, not rural—

Mr. Victor Fedeli: I live in Corbeil. I am in rural Ontario.

Mr. Smokey Thomas: Yes. People who live close to the edge and worked their entire life and have their house paid for and stuff, but, you know, don't have a lot of money in savings, to somehow—when your hydro takes up more than you spend on food and more than you spend on taxes, there's something wrong with what's going on here. I'm told you can save 50% on your hydro bill simply by moving to Manitoba. How does that work? There has been no real explanation.

Hydro is the example. My union has been funding the fight-back on hydro. My union has been paying almost all those bills. I got asked why we would do that, and I said, "If we don't beat the hydro fiasco, if we don't beat back that sell-off from privatization, there's no other public service, in my mind, that could be saved." So hydro is a classic example of voter anger, a classic example of taking the middle class and making them the poor class.

Hydro is the one that's the most striking, but Vic, every service in this province has been cut to the bone. We have fewer hospital beds per capita than any of the other provinces, and now the government is saying they're going to cut even more hospital beds. I talk to hospital CEOs and they say—and we get this—"We're told we just have to cut 10% of our budget, privatize it." How is that good planning?

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The Minister of Health admitted to one of my executive board members and myself that private labs cost the taxpayers 40% more. We said 50%. He went back and looked and now he says 40%. I said, "What are you going to do about it?" Well, that train has left the station. I'd say it's time to put the train on the roundabout and bring it back.

Other countries are bringing public services back in: Australia—I've been there—and New Zealand. The We Own It movement in Great Britain is fighting to bring them all back. So it is possible to bring some sanity to all this, to bring it back in.

We've said before, before anything is privatized there should be a test put to it, a five-point plan, to make sure it does make sense for the taxpayers and people.

Vic, every service that everybody needs has faced cuts. I represent members. We register your birth. We register your death, your marriage—hopefully not your divorce—and everything in between in your life—my members do. Every one of those members tells me that it's all under cuts.

The Chair (Mr. Peter Z. Milczyn): Mr. Thomas, that's all of our time for this afternoon. Thank you for your presentation. If there is anything further you would like to provide to us in writing, please do so by 5 p.m. on this coming Friday.

Mr. Smokey Thomas: We're doing a campaign, too. Have a good one.

YMCA ONTARIO

The Chair (Mr. Peter Z. Milczyn): Our next witness is the YMCA of Greater Toronto. Good afternoon. You have up to 10 minutes for your presentation. Your questions will come from the New Democratic caucus. If you could please state your names for the official record as you begin.

Mr. Medhat Mahdy: My name is Medhat Mahdy. I'm the president and CEO of the YMCA of Greater Toronto, and the president of YMCA Ontario.

Ms. April Bateman: My name is April Bateman. I'm the senior manager for YMCA Ontario.

Mr. Medhat Mahdy: I want to thank you, Mr. Chair and the committee, for giving us time today. I understand, as well, many of the committee members are involved with their local Ys and are very supportive. We appreciate that.

I'm here to talk about YMCA Ontario. The YMCA has a long-standing history of service in Canada that spans over 160 years. We are at the centre of communities across Ontario, helping people of all backgrounds, ages and abilities live engaging and healthy lives. We help those who have fallen through the cracks find the future they are seeking.

There are 21 YMCA associations operating programs and services all over Ontario, from Timmins to Haliburton to right here in Toronto. Collectively, we connect with over 1.4 million people in 125 communities across the province.

Today at the YMCA there are children learning at child care while their parents are at work or in school.

There are newcomers undertaking language assessment—the first step to language fluency. There are people of all ages and abilities finding a sense of belonging through positive social interaction. Our community-driven programs and services address complex health and social needs: child care, camps, community programs, education and training, employment services, global initiatives, health, fitness and aquatics, and newcomer services. This is just a snapshot of what we offer Ontario today.

Research points to social isolation as a key determinant of health and well-being. The YMCA is a trusted and valued community anchor where all feel welcome. Thanks to our financial assistance program, finances are not a barrier to participation.

The work that we do every day benefits residents of Ontario by helping people achieve positive economic, social and personal outcomes.

In budget 2017, we call on the government to further invest in YMCA Ontario to support the physical, mental and social well-being of Ontarians. Today I will draw on four highlights from our full pre-budget submission.

The first issue I would like to draw your attention to is social infrastructure for charities and not-for-profits. Investments in the conditions and space that cultivate physical, social and mental well-being support a healthy workforce, inclusive growth and building Ontario up for everyone.

The YMCA greatly appreciates the ongoing support of the government of Ontario, which has allowed us to renew our Centres of Community. Our centres are examples of social infrastructure that reduce health care costs, create jobs, and make all communities more livable.

The Infrastructure for Jobs and Prosperity Act emphasizes the importance of taking a long-term view of the needs of Ontarians in health and education when making infrastructure decisions. Unfortunately, there is not a clear and open process for applying for social infrastructure funding in Ontario for facilities operated and owned by the charitable and not-for-profit sector.

We understand the province is working with federal counterparts to develop the parameters of social infrastructure spending. We urge the province to ensure that there is a stream for recreational infrastructure, a key component of social infrastructure, a specific allocation of resources for social infrastructure available to the charitable and not-for-profit sector. Those developments would allow us to develop new facilities and maintain our existing ones. These facilities provide an incredible amount of public benefit, keeping our communities active, engaged and healthy.

In keeping with the theme of public benefit, the second issue I would like to draw your attention to is child care. As a leading provider of licensed child care in the not-for-profit sector, the YMCAs of Ontario serve more than 54,000 children annually, offering more than 20.8 million hours of licensed child care. As a key partner on the journey to modernize child care, the YMCA recognizes the Ministry of Education's commitment to working with stakeholders to strengthen the child care and early years system with supportive legislation and regulations. We commend the announcement of 100,000 additional child care spaces. However, we ask that the government look at the affordability of licensed child care to ensure that our system is meeting the needs of all families in the province, regardless of income.

Recommendations from the Gender Wage Gap Strategy Steering Committee point to child care as a key ingredient to closing the gap between women and men in the economy. We know that better access to affordable, high-quality child care will strengthen labour force participation, stimulate the economy and allow more children to benefit from early childhood education. An investment in child care is an investment in our economy, labour force and, most of all, in our children. We hope that leadership in child care continues and is intensified through action to address the issues of affordability.

The third issue I would like to bring to your attention today is continued investment in Ontario's young people through experiential education and paid internship opportunities in partnership with charities and not-for-profits. The YMCA focuses on children and youth because we know the boundless potential for young people.

Premier Wynne recently spoke about connecting more students to the labour market through experiential and hands-on opportunities. The government's vision for education calls for expanding learning opportunities outside of the classroom to include community-based civic and humanitarian activities.

The YMCA strongly encourages the government of Ontario to prioritize these innovative opportunities for learners by providing funding to develop alternative high school credit programs through partnerships between the not-for-profit organizations and school boards. These partnerships currently exist; however, there is considerable room to do more. Through YMCA youth leadership programs, designed to foster skills in conflict resolution, problem solving, communication and decision-making, students are eligible to receive high school credit in some regions of the province. With the right investments, many more students can benefit from this unique approach to learning.

The fourth area that I would like to highlight is funding for newcomer services. The Y has been a leader in welcoming newcomers to Ontario. We hope the government will consider the long-term supports necessary to successfully integrate newcomers into Canadian society. Knowledge and skills will help newcomers to integrate, but it is the community connections and social relationships that will cultivate a strong social fabric for all of Ontario's residents. Sustaining and increasing funding for the services that allow newcomers to successfully integrate into Canadian life, including child care, language assessment and training and employment services, support the economic and social success of Ontario. As we continue to welcome newcomers from all over the world, these foundational services are more important than ever before.

In closing, I want to thank you for the opportunity to address the committee today. We are working at the YMCA tirelessly to ensure that nobody in this province is left behind. We hope that the government considers our timely proposals for a healthy and prosperous Ontario for all. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. Mr. Vanthof.

Mr. John Vanthof: Thank you, Chair, and thank you very much for coming. I would say, you're saying that the Y is—all feel welcome. I don't think there are very many organizations—as soon as you hear "YMCA," that's the first thing you think of, that everyone is welcome. I'd really like to congratulate you for that. It's an honour to have you here today.

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I'd like to focus on two of the things that you mentioned. The first is child care, and specifically not-for-profit child care. The government has announced 100,000 extra spaces. Today we had the Ontario Coalition for Better Child Care, and they mentioned the same thing that we've also been pushing: that just having more spaces—if they're not affordable, they don't really solve the problem. Your organization, I believe—considering you are a not-for-profit with many kids, you're probably an expert in that field.

Is it strictly a funding issue or a regulation issue? What can we do to make sure that the not-for-profit child care sector increases in scope and size?

Mr. Medhat Mahdy: That's an excellent question. It's a complex issue that has many components. There is a funding issue, and there's funding for both the capital development of child care centres and the operating support for child care centres.

There are also wage enhancement grants that are now available that are helping us with recruiting and retaining staff.

The other piece, I think, is affordability. There's a need for more spaces, but there's a need for more affordable spaces. That's where municipal and provincial governments can help, by helping to subsidize some of those spaces so that people who are low-income are able to access them.

Mr. John Vanthof: Thank you. The second issue is funding for newcomer services. I think that's the first time that has been brought up today. I think it's a very interesting issue, because our growth is going to be through—right now, we hear a lot in the news about refugees, but our growth is through immigration. It's not easy to be integrated into a society. Are there specific funding programs now that could be enhanced, or are you talking about a totally new stream of funding?

Mr. Medhat Mahdy: I think we're talking about both. The federal government obviously provides some funding for this, and the province also provides funding.

There are multiple issues. One is helping people onboard into a new country and to integrate, and we do that. The other piece is in the Y, because we can provide wraparound services. We can get the children of newcomers into our children's programs, into our youth leadership programs. That helps them in maintaining that onboarding. One of the challenges we see where there is lack of funding, both on the provincial and federal side, is: What happens after their first two years? It's one thing to help people integrate, but then—and we're seeing this with the Syrian refugees: Now that many of them are going into their second year, what's going to happen and how can we continue to help them? I think there are multiple approaches that both the federal and the provincial government can look at.

Mr. John Vanthof: Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. If there's anything further in writing you'd like to provide to us, you have until 5 p.m. this coming Friday.

Mr. Medhat Mahdy: Okay. Thank you very much for your time.

CANADIAN MENTAL HEALTH ASSOCIATION, ONTARIO DIVISION

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Canadian Mental Health Association, Ontario division. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Liberal caucus. If you could provide us with your names for the official record as you begin.

Ms. Camille Quenneville: Thank you, Mr. Chairman. My name is Camille Quenneville. I'm CEO of the Canadian Mental Health Association, Ontario division. I'm joined by my colleague Joseph Kim, who is our director of communications. Our colleague Lawrence Blake is here with us as well today.

As mentioned, I'm the CEO of CMHA Ontario. I'm a member of the Mental Health and Addictions Leadership Advisory Council as well. There are 20 of us on the council, and we are tasked with providing advice to the Minister of Health and Long-Term Care about the future of mental health and addictions services in Ontario.

The CMHA, as we're known, includes 30 community-based branches across the province. We serve nearly 100,000 Ontarians annually in the area of mental health and addictions. Thank you for having me here today to provide a pre-budget submission on behalf of all of my 30 branches.

Increasingly, our branches are finding it incredibly challenging to serve the individuals who look to us for help. That's because funding for mental health and addictions remains inadequate. This is troubling when you consider that one in three of us will experience a mental health issue in our lifetime. The economic cost to the country is at least $50 billion annually. In any given week, half a million people in Canada will miss work because of a mental health issue.

I'm also increasingly concerned about the opioid crisis that has gripped communities throughout the province. I suspect that many of your constituents have raised this issue with you. It's putting a tremendous strain on resources across all sectors, and we must be vigilant in doing our utmost to provide support to front-line staff who are managing these issues.

Despite the stark nature of this overview, lives are saved by dedicated Ontarians committed to changing outcomes through their work, and I'm proud to say that our branches across the province employ many of those individuals.

Our pre-budget submission highlights how the government of Ontario can support this work. Our first recommendation: We continue to hope for a time when mental health will be funded on par with physical health, but of the $51-billion health budget last year, mental health and addictions received just $3.5 billion, or 7%. It's worse for the community mental health sector. Our sector received just $1.5 billion, which is 2% of the entire health budget. This is hardly enough when you consider that the burden of mental illness and addictions in Ontario is more than 1.5 times that of all cancers and seven times the burden of infectious diseases. Our first request, therefore, is to boost mental health spending to 9% of the entire health budget. This figure was recommended by the Mental Health Commission of Canada. We have some suggested areas for funding, which will follow.

The second recommendation speaks to the needs of our 30 branches across Ontario. Our branches have not received base funding increases in as many as five to seven years, for some of them. Any new investment is almost always tied to delivery of a specific program and not to overall operations. This impacts service delivery, as branches struggle with staff retention and administrative costs. Better funding of overall operations will enable the staff who, every day, bring the weight of their passion to bear in their work with Ontarians. We therefore request a 3% base budget increase to enhance services for the people we work for.

Our remaining recommendations are rooted in the work of the Mental Health and Addictions Leadership Advisory Council. I'm very proud to be a member of this council. We support the implementation of Open Minds, Healthy Minds: Ontario's Comprehensive Mental Health and Addictions Strategy. A key part of the council's work to date has been in securing the infrastructure of the mental health and addictions system, and by that I mean rigorous data collection, appropriate and sustainable quality improvement, and performance measurement tools, all of which should be based on a consistent set of core services that should be available to all Ontarians regardless of where they live.

Ontario currently lacks a standardized, province-wide system of performance measurement for the mental health and addictions sector. As such, there is an urgent need for comprehensive data collection reform and the emergence of consistent, relevant performance indicators for the mental health sector. Tremendous work has also been done by the council in determining a fair and appropriate set of core services which should be available in all parts of the province. The leadership council has undertaken this work, and much more. It simply needs to be funded. We've done a tremendous amount of work in early intervention and prevention and in other areas as well.

Without valid, consistent data, however, and appropriate performance measurement indicators based on a core set of services, we cannot objectively measure how well the system is serving Ontarians. Funding the council's work will provide decision-makers with the data needed to enhance outcomes.

CMHA Ontario recommends a significant investment to improve access to psychotherapy. This is my fourth recommendation. Psychotherapy is often referred to as "talk therapy." It's recognized as an effective, evidence-based intervention for treating anxiety and depression, which afflicts an estimated three million Canadians. A significant investment in psychotherapy will reduce wait times and provide greater access to therapies which can be widely delivered through various methods by a variety of health care professionals.

CMHA Ontario has two programs. One is Bounce Back and the other is Living Life to the Full, and they're both evidence-based and easily accessible. We believe we can reach thousands of people to give them the tools to manage every day through these programs.

Our fifth recommendation is around homelessness and the lack of affordable housing that impacts the viability of recovery and the mental health of those affected. Housing is critical for recovery. However, we have less than half of the housing units we need in Ontario, and because of that we're failing our most vulnerable citizens. That's why CMHA Ontario supports the council's recommendation to expand the supportive housing system for people with mental health and addictions issues, with the creation of 30,000 new units in the next decade, building at a rate of 3,000 units every year. The estimated annual cost to expand supportive housing to adequately meet demand in Ontario is $278 million in the first year, but it will rise to $721 million by 2027.

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Finally, our sixth recommendation: I think we all need to have a serious look at the impact of opioid abuse and addictions in Ontario and consider a thoughtful long-term approach to help stem the tide and support those who are currently struggling.

In conclusion, Mr. Chairman, a parting thought: We are all affected by mental illnesses and addictions. We see it in our workplaces, in our schools and in our shelters. We have lived with them and have cared for a loved one who has struggled with them. We all know someone who has survived, and many of us know someone who has not. What punctuates stories of survival is care, perhaps care found in the community, a hospital or in therapy. This submission asks the government to fund that care, which will save lives.

Thank you, Mr. Chairman and the committee, for your time and for listening to our 2017 pre-budget submission. I look forward to your questions.

The Chair (Mr. Peter Z. Milczyn): Thank you. We have questions from Ms. Martins.

Mrs. Cristina Martins: Good afternoon.

Ms. Camille Quenneville: Good afternoon.

Mrs. Cristina Martins: I wanted to start off by thanking you for being here today and presenting on an issue that is so important and affects so many people. I think you talked about everyone in Ontario having someone very close to them suffering from a mental health issue, whether they know it or not.

Prior to entering politics, I worked for the pharmaceutical industry. One of the areas that we invested in highly, one of the sectors, was mental health. One of the things that we found was that just even recognizing simple depression with a family member was so key and so important in ensuring that they got the care that they needed. We're talking simple depression to a bipolar, schizophrenic patient, who is obviously in a different spectrum within the mental health sector, who also still required that community-based care that you referred to, to make sure that he or she was either attending the visits to the hospital or to the psychiatrist or even taking their medication. So I really appreciate your discussion here today.

Our government acknowledges the important role that mental health and addictions programs play in Ontario. That's why we have created a comprehensive mental health and addictions strategy to support Ontarians from childhood to old age living with mental health and addictions issues, because, as you are well aware, mental health does not choose an age; it does not choose one demographic. It really affects everyone, from the youth to the seniors in our communities.

Since 2003, funding for mental health and addictions services has increased over $500 million. The primary focus of phase 1 of our strategy has provided more than 50,000 additional children and youth access to mental health services. Can you speak to some of the programs these investments have helped to create?

Ms. Camille Quenneville: I'd be happy to. Thank you for the question. I will tell you, before I was in this role I was with Children's Mental Health Ontario for many years. I am very familiar with the early investments that were part of the 10-year strategy. That was, in large measure, my responsibility around the implementation of those in the child and youth mental health sector. I do appreciate your comment with respect to the investments that have been made since 2003. We certainly don't argue with that.

As you say, this government is interested in this issue. I think that's true. I am a member of the mental health and addictions council.

I think what's missing at this point is further investments for the work that's being done. In particular, in my remarks I referenced the need for funds for the infrastructure of the system. We need much more rigorous performance measurement data collection. These are not fun or sexy things that anybody wants to talk about, but they're 100% necessary for us all to measure any further investments.

In other words, I could give you chapter and verse on what has happened since 2003, but without these pieces it's very hard to measure how well we've done in terms of serving those individuals.

To your point, I like what you said around how we're all impacted, whether we know it or not. That's very true. We need to start that conversation about how we are all impacted and to have honest conversations and discussions with respect to treating mental health issues the same way we talk about physical health issues.

I would offer that the investments to date have been good. We have a long way to go. I have some specifics around that in our proposal. I thank you again for your question.

Mrs. Cristina Martins: Thank you very much for that.

You did bring something up, which was the opioid use in Ontario. You're probably well aware that Ontario is implementing its first comprehensive opioid strategy by enhancing some of the data collection, modernizing dispensing practices and connecting patients with quality addiction treatment services. Can you perhaps speak a little bit to some of the steps that we're taking to address this serious issue?

Ms. Camille Quenneville: Thank you. It is serious. I was quite sincere when I said that I expect that you are hearing from your constituents or some other organizations in your own individual ridings about this. I'm certainly hearing from the 30 branches that I serve across Ontario. There isn't any one part of the province that's impacted. This concerns both urban and rural areas. I'm grateful for the nodding heads and the acknowledgment of the seriousness of this.

The province has talked an awful lot about the immediate needs around availability of naloxone and other ways to treat this. Those are very short-term ways to manage this crisis. What's really needed is a long-term investment to make sure that those individuals, when they have recovered from that acute situation, have the services they need in-community and elsewhere.

To date, we're not there yet, even without an opioid crisis. That's my grave concern. I'm hearing from my branches now that the number of people who are coming in is quadrupling. We know what has happened in Vancouver. We don't want to repeat that terrible and scary situation there. We need to be prepared and we need to make sure that we're investing not just in the short term for the immediate need.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all of our time for this afternoon. If you have anything further that you'd like to provide to us in writing, please do so by 5 p.m. on Friday.

Ms. Camille Quenneville: Thank you very much.

RETAIL COUNCIL OF CANADA

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Retail Council of Canada. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Conservative caucus. If you could please provide us with your name for the official record as you begin.

Mr. Gary Rygus: Good afternoon. My name is Gary Rygus. I am the director of government relations, Ontario, for the Retail Council of Canada. On behalf of the RCC members operating across the province, thank you for the opportunity to appear before the committee today.

Retail Council of Canada has been the voice of retail since 1963, and we have members who operate more than 45,000 storefronts nationally, 17,000 of which are in Ontario. We represent an industry that touches the daily lives of most people in the province. Our members represent all retail formats: department, grocery, specialty, discount, independent stores and online merchants. While we do represent large, mass-merchandise retailers, a significant number of our members are in fact small, independent merchants.

As an employer, retail is number one in Ontario with more than 761,000 jobs, generating over $184 billion in annual sales. Retailers invested almost $3 billion in capital expenditures in Ontario in 2016 and will continue to invest in the province for as long as Ontario remains competitive with other jurisdictions.

According to Stats Canada, Ontario sales were up 4.6% for 2016, as compared to being up 4.5% in 2015. Current sales growth may not continue due to external factors such as China's economy, Canadian dollar volatility and the changing US political circumstances. Going forward, Ontario retailers expect to generate sales increases in the 3% to 4% range for 2017.

Canadian consumer debt is at an all-time-high level, and this continues to have an effect on disposable income and discretionary purchasing going forward. Canadians remain cautious when it comes to opening up their wallets, and this will create challenges going forward for retailers.

The global financial crunch continues to make it tough to forecast future sales, especially with slow-growing economies in many countries. The US is expected to raise its interest rates a number of times in 2017, which may impact Canada's economic activity.

Faced with these challenging circumstances and a fragile economy, the government must focus on improving the conditions for economic development. They must foster a positive job-creating environment.

Members of the RCC are relieved that a national solution to the pension issue was achieved by enhancing the Canada Pension Plan. Retailers understand the need for all Ontarians to build an adequate nest egg for retirement. The level of retirees' incomes affects the overall economy and, of course, determines the people's ability to buy goods from our members.

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The challenge is to balance the importance of long-term pension income adequacy against the near-term impact on jobs, growth and investment. There's a limit to payroll contributions that retail businesses in this province can be expected to pay without there being a significant economic impact.

Ontario has a substantial employer health tax and the second-highest WSIB rates in Canada. The government must look at the cumulative impact of these payroll costs to ensure that they do not diminish our capacity to hire more Ontarians and to make key investments. With retail sales growing slowly in Ontario for many categories, retailers will have no way of recouping these high costs except by increasing prices or by decreasing staff hours or new hires.

The government needs to find additional ways to reduce business costs and make changes that support job creation. As a support to mid- and small-sized business, especially in view of the rising cumulative burden, RCC continues to recommend raising the employer health tax exemption threshold to $1 million. At its current level, Ontario remains uncompetitive with other provinces that have similar payroll-type taxes. To further support the hiring of full-time staff, the government should consider providing a one-year EHT holiday for employers.

RCC supports the efforts of WSIB management to eliminate the unfunded liability fund, currently at about $5 billion. The 6.2% decrease for 2017 premiums is a step in the right direction, as it will not add further costs to make Ontario less competitive on the job creation front. This is the first time in 15 years that premiums have been reduced in Ontario. The WSIB must maintain its laser focus on managing the WSIB revenue stream and not become complacent in its efforts. RCC is looking forward to the day when the UFL is retired, as the UFL is expected to be paid off several years early—I believe in 2021. This would help offset some of the increasing costs that businesses are facing to operate in the province.

On the environment front, the RCC supported Bill 151, the Waste-Free Ontario Act framework legislation, and looks forward to working with government during the consultations for drafting relevant regulations to support this legislation. In creating the regulations, it will be important to minimize the administrative burden for businesses while reducing the waste stream in the province.

Hydro costs continue to challenge businesses' ability to grow and make improvements or investments. The government needs to re-assess the electricity pricing strategy with a view to making rates more competitive relative to other jurisdictions.

On the infrastructure front, retailers understand the need for infrastructure improvements and congestion reduction for transportation of consumers and for logistics because of their broader economic impact. However, retailers will not support tools that disadvantage any one sector of the economy or create economic distortions, such as a parking space tax. New tax sources should be a last resort, with every effort made to reallocate first from existing funds, and strict auditing controls on spending programs. Spending must be open and transparent so as to demonstrate accountability to the taxpaying public.

RCC also supports fast-tracking of Open for Business, also known as the Red Tape Challenge initiative, as

Ontario needs to change the way government creates legislation by adopting a business economic lens to focus on creating legislation by asking the question, "Does this legislation add economic value to the province?" Now is the time to establish a positive environment that facilitates job creation.

On behalf of the Retail Council of Canada, I thank you for your time. There will be many special occasions during the year to shop in 2017, including Canada's birthday. RCC asks that you please remember to shop each and every day at your local retailer. It is never too early to start. The jobs you support will be of family, friends and neighbours. The Ontario economy will thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation. Mr. Barrett has questions.

Mr. Toby Barrett: Thank you to the Retail Council of Canada. You had made mention in your brief here, on the environment front, of Bill 151, the Waste-Free Ontario Act. You talk about working on consultations with respect to regulation. I think, under regulation, one proposal you're making here is that retailers can show any environmental levees separately on the sales receipt that the customer would receive.

Do you want to expand on that a bit? Why you would want that? Secondly, what other kind of regulation should we be considering? Not that MPPs have any say in regulation.

Mr. Gary Rygus: On the fee visibility piece, it's very important for retailers to remain competitive. If you force retailers to bury the fees, for example, on electronics, large-screen TVs can be as much as $39.50 per TV—the environmental handling fee. Unless the consumer is aware of what the charges are that are going to make up the final bill, it would appear that retailers are perhaps being less competitive. If they understood what the components were, they would perhaps better appreciate that.

After all, at the end of the day, it's all about driving diversion. We want to increase the amount of waste that's collected and have less going to landfill. At the end of the day, I think that's what everybody wants to see happen.

Mr. Toby Barrett: Let me just back up a bit. Towards the beginning, you were talking about a number of broader economic factors: concerns, as I understand, for example, with the low dollar. That would refer to the challenge for retailers who are importing product?

Mr. Gary Rygus: Correct.

Mr. Toby Barrett: Okay, then. And concern around China's economy: This means there are less consumer items available to import from China or—

Mr. Gary Rygus: There may not be, but the cost of those imports may go up as the labour costs in China are going up as well, because people are looking to a more reasonable way of making a living. Those will drive into ultimately higher prices.

In addition, we're not sure about what's going to happen south of the border in terms of change, whether it's taxes or walls or what have you. It's still too early to talk about that but, in general, people are anxious. They're trying to figure out where this is going to go in the future.

Mr. Toby Barrett: Yes. There has been a bit of discussion on this committee about what might be happening with the change in administration. One of the assumptions is that the stock market and the US economy may improve with a more business-friendly government. Again, in any deliberations on this, much of our economy is tied to the US economy, and as that tide rises, so does the ship over here—given there are other factors, however.

Mr. Gary Rygus: True, and I think with the low dollar value, it will keep a lot of us at home, and hopefully we'll do some staycations and shop here so that the local economy will improve, as opposed to taking your money and spending it elsewhere.

Mr. Toby Barrett: Vic, did you have a question?

Mr. Victor Fedeli: Yes.

Mr. Toby Barrett: Okay, go ahead.

Mr. Victor Fedeli: Thank you very much.

On page 4, in the middle, you talk about the government considering providing a one-year employment health tax holiday for employers. Do you have a dollar value on that?

Mr. Gary Rygus: We have not created a dollar, but we believe that the taxes paid by those people who would be hired would offset any kind of cost in the reduction of EHT revenue to the government.

Mr. Victor Fedeli: Okay. You talk on page 5 about how "Hydro costs continue to challenge businesses' ability to grow," and that type of thing, "make improvements or investments." We heard earlier today from CFIB that they asked—the question was asked, "How have electricity costs affected your business during the past three years?" The top three responses: 56% said they had to increase prices, 43% said they delayed investment, and 13% said they considered closing or relocating. Do you find somehow, anecdotally, the same understanding on the retail side?

Mr. Gary Rygus: I would say it's accurate. I think it's all about being competitive. I think at the end of the day you want to be able to attract businesses and keep businesses in the province, and maintaining business inputs at a competitive level is one way of doing that. I think if the government can provide more incentives for companies to become more environmentally conscious, if you will, to convert, that might help the pricing situation.

The other thing the government needs to consider is that for companies that have already gone and done the investment on the environmental choices, they should also get some sort of consideration for that and not be left to the background for that, for being leaders.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation this afternoon. If there's anything further you'd like to provide to us in writing, you can do so until 5 p.m. on Friday.

Mr. Gary Rygus: Thank you very much.

CO-OPERATIVE HOUSING FEDERATION
OF CANADA, ONTARIO REGION

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Co-operative Housing Federation of Canada.

Mr. Victor Fedeli: Where's Harvey?

Ms. Simone Swail: Where's Harvey? You'll have to deal with us instead.

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The Chair (Mr. Peter Z. Milczyn): You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the New Democrat caucus. If you could please state your names for the official record as you begin.

Mr. David Waters: Thank you. Good afternoon. My name is David Waters, and 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 across this entire province and located in 97 of the 107 provincial ridings. I am very pleased to be here this afternoon to present our suggestions for the 2017 provincial budget to the committee. When I'm finished, Simone and I will be happy to answer any questions.

This has been an important year for affordable housing. The federal government started its work towards creating a national housing strategy and, partnering with the provinces, made a significant new investment in affordable housing. The province, for its part, released the update to the Long-Term Affordable Housing Strategy and set the commendable goal of every person having an affordable, adequate, suitable home.

Realizing this goal will help lift children, seniors and refugees out of poverty, enabling them to reach their full potential and lead more dignified lives. It will also significantly reduce government spending on health care, emergency shelters and incarceration. A recent report estimated the cost of poverty in Toronto alone is between $4.5 billion and $5 billion annually. The lack of affordable housing is a leading cause for poverty in Ontario.

Affordable housing also has an important part to play in building and growing an inclusive economy. For every dollar spent on the construction of affordable housing, there is a corresponding $1.40 increase in the GDP through local jobs and locally sourced construction materials.

The province took an important step in 2016 by allowing municipalities to enact inclusionary zoning legislation and by increasing its contribution to the investment in affordable housing programs. To reach its goal of every Ontarian having an affordable and adequate home, the province will need to use every tool at its disposal to find the most cost-effective means to build new affordable housing. Given its key role in stimulating the economy, we offer today five recommendations for how the province can make real progress on affordable housing in Ontario.

First, we recommend the province work with the federal government to protect low-income households living in housing co-operatives. Nearly 7,000 vulnerable households in Ontario depend on federal rent-geared-to-income housing supplements to pay their rent. This assistance is an important part of Ontario's already stressed social housing system. It provides good quality, affordable housing to those who need it the most in communities across Ontario. However, the agreements providing for this assistance are coming to an end.

In 2016, the federal government announced an interim solution, setting aside $30 million to continue to provide rent supplements in co-ops and other federal providers whose agreements expire between April 2016 and March 2018. They also committed to finding a long-term solution as part of the national housing strategy. However, because of the 1990 Canada-Ontario Social Housing Agreement, which transferred the jurisdiction of the social housing portfolio from the federal government to the province, it is unlikely that Ottawa will fix the problem on its own.

All recent housing programs have been cost-shared between the federal and provincial governments. The province should seize on the federal government's commitment and immediately begin negotiations to ensure this important source of affordable housing is maintained and that supported households are protected.

Because of the complexities of the housing system in Ontario, any new program of funding needs to be specifically earmarked for co-ops, maintain the same number of households receiving assistance and ensure that the households continue to receive support at rent-geared-to-income levels now and in the future. Otherwise, these low-income households are in danger of losing their homes and being added to the spiraling social housing wait-lists.

Second, we recommend that the government take an affordable-housing-first approach to surplus property. The province has an opportunity to build new affordable housing in key housing markets without allocating new funding. If the province took an affordable-housing-first approach to its surplus property, either by giving affordable housing providers the appropriate properties or by making the provision of affordable housing a condition of sale, it could help to create new affordable housing in some of Ontario's least affordable markets.

This approach is not new. The city of Toronto has already implemented a similar strategy through its open door program and has successfully used it to build new units along the city's lakeshore and in a number of upcoming projects.

In communities facing significant affordable housing shortages and where land is scarce, the province should be making the most of its assets and doing all it can to support the creation of new affordable housing.

Third, we recommend that the province invest in green affordable housing. 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. To reduce emissions and ensure that affordable housing communities can succeed in a low-carbon economy, the province needs to follow through on its commitment to use cap-and-trade revenues to fund retrofits in social housing.

Affordable housing providers, including co-ops, do not have the resources to significantly reduce emissions on their own. The vast majority of housing co-ops in Ontario were built over 25 years ago, using modest construction methods. In the Climate Change Action Plan, the province has laid out a plan to retrofit social housing apartment towers. In its 2017 budget, the province needs to include a plan for its smaller providers as well.

Fourth, partner with the federal government, non-profits and housing co-ops to build new affordable housing. There are a number of federal affordable housing providers, particularly in the GTHA, which have significant equity in their existing housing that could be leveraged to add to the supply of new affordable housing. Research indicates that $400 million of equity could be leveraged from some of these organizations. Partnered with funding from the investment in affordable housing programs, this could be an important source for new affordable housing from community-based providers with a long history of providing good, quality housing.

These organizations are understandably cautious about risking their existing housing to build new. By conducting a pilot test where investment in affordable housing funds is earmarked for existing private non-profits and co-operatives, we believe the province could help spur a new wave of affordable housing development in these communities.

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

We do not believe this is the policy intent of the government. As we have said for many years, MPPs from all 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 have the capacity to cash-flow developments in a way that community-based providers cannot compete with. It also only requires that projects remain affordable for 20 years. We believe that this is far too short of a time period and poor return on a significant government investment. We recommend that the government undergo a review of the program, with an eye to ensuring that every Ontarian is receiving the best value for their affordable housing dollars.

The co-operative housing sector is anxious to work with MPPs of all parties to follow through on these practical suggestions and to partner with governments to find a creative way to ensure that everybody has a decent, affordable place to call home.

We would like to thank the committee for their time. As was mentioned, Simone and I would be happy to answer any questions.

The Chair (Mr. Peter Z. Milczyn): Thank you. Mr. Vanthof.

Mr. John Vanthof: Thank you very much for coming today. I have a few questions. I think I can speak on everyone's behalf: Everyone agrees that the co-op housing model is a good model, and yet the percentage in the mix has fallen considerably. You've mentioned a few ideas, but what would be your main keys to unlocking that potential? You've mentioned having access to municipal land first, and I know perhaps low-interest loans or no-interest loans. What do you see as the barriers that we could remove?

Ms. Simone Swail: What has been the major barrier for us with the recent AHP and IAH programs is the way the system is set up. From the very beginning, all of the risk is on the provider. So when you are applying for an IAH program, very often you need to come in with a complete proposal. That includes going through all of the planning process, securing where you're going—the land. You have to do all sorts of testing on the land. It can cost anywhere between $50,000 and $200,000 just to prepare the proposal. For community-based providers, to risk that amount of money and not be sure that you're actually going to get something out of it just doesn't make sense.

What we see is for, private developers, where they already have in-house planning departments, where they're going to build that project either way but they might get IAH dollars, that works for them.

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We also see that for the municipal providers, where they have very large housing companies where they can do that in-house, it can work for them too. But for the small community-based providers, it's just absolutely impossible. So getting some project development funding would be key for our housing providers.

That's also why we're suggesting earmarking the funds, because if we knew we had a real chance to actually win some of these bids, then we could—you know, CHF Canada have hired ourselves a new development staff person. We could actually work on some of these deals. But when you feel like there's no chance that you're going to actually win, it just doesn't make sense to commit those kinds of dollars.

Mr. John Vanthof: Okay. Thank you. So we've got inclusionary zoning now included in the Municipal Act. How does the co-op model fit into that, particularly for smaller providers?

Ms. Simone Swail: Sorry, for smaller providers?

Mr. John Vanthof: Yes, and for big ones too.

Ms. Simone Swail: We think inclusionary zoning can work quite well for housing co-ops. The best evidence we have here is in Toronto. Through the section 37 programs, we have actually 11 units going up just down the street from here; that will be part of a larger condo building.

But what we hope to see is not just a couple of scattered units, and that constituting a co-op. What we really want to see is for there to be whole buildings built based on the inclusionary zoning. We're actively engaging with the province on the regulations to ensure that we can try to put it together, instead of 10 units here, 10 units there and 10 units there, which is a very expensive way to do affordable housing. If we can put together some of these projects, create either a stand-alone building or a building within a building, we can create real affordable housing, and I think the co-op model would fit quite well with that.

Mr. John Vanthof: Okay. My last one is—it's been the issue of the day—how is the price of hydro impacting your members?

Ms. Simone Swail: I can speak more broadly about the social housing sector instead of the co-op housing sector.

Mr. John Vanthof: Sure.

Ms. Simone Swail: The reality of the situation is that approximately half of affordable housing providers have electrical heating, so this is a very key issue for social housing. That's why we are very keen, if the cap-and-trade funding is coming through, on how we really need a strong direction of that revenue stream to our social housing providers, so that they can make the retrofits necessary and be a part of the green economy, so that their buildings and the communities and the people that live in them don't suffer.

Mr. John Vanthof: Thanks.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. If there's something further you'd like to provide to the committee, you have until 5 p.m. on Friday.

Mr. David Waters: Thank you.

Ms. Simone Swail: Perfect. Thank you very much.

INSURANCE BUREAU OF CANADA

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Insurance Bureau of Canada. Good afternoon. You have up to 10 minutes for your presentation, followed by five minutes of questions from the Liberal caucus. If you could provide your names for the official record as you begin your presentation.

Ms. Kim Donaldson: Excellent. Thank you. My name is Kim Donaldson. I'm here from the Insurance Bureau of Canada. I'm here with my colleagues Barb Taylor, Ryan Stein and Liam McGuinty.

For the record, the Insurance Bureau of Canada is the national industry association representing Canada's private home, auto and business insurers. Its member companies make up 90% of the property and casualty insurance market in Canada. It champions key issues and helps educate consumers on how best to protect their homes, cars, businesses and properties.

P&C insurance touches the lives of nearly every Canadian and plays a critical role in keeping business safe and the Canadian economy strong. It employs more than 123,000 Canadians and pays—I'd like to pause on this—$8.2 billion in taxes a year, and $2.6 billion of those taxes are paid in the province of Ontario.

So we're here today, and we're delighted to be participating in the budget process. Our budget submission, which I believe you have before you, has six different items. I'll just touch on these briefly today. As you know, I'm here with my colleagues, all of whom are subject matter experts who are delighted to drill down as much as you need—or skim through it if that's your preference, so there you go.

In our report we specifically start with auto insurance. We'd like to congratulate this government, whose measures have successfully reduced premiums by something in the vicinity of 8.4%. Industry is hopeful that the consultations, investigation and subsequent recommendations of David Marshall will further improve the system for consumers and make premiums more affordable.

I've been made aware that my esteemed colleagues in the legal profession have been here earlier today and that they quoted our CEO, Don Forgeron, in telling you that the system is broken. I'd like to echo their thoughts on that. One of the earlier regulators described the auto system in Ontario—this is one of the regulators—as a Band-Aid on a Band-Aid on a Band-Aid on a Band-Aid on a festering wound. I think all of us working closely on that would share those feelings.

We believe specifically, further to anything else in our report, that enhancing financial literacy and introducing consumer-friendly plain language will further empower Ontarians to understand their coverage.

With reference to the Financial Services Regulatory Authority, IBC supports replacing FSCO with FSRA, and makes three requests: that the government—and subsequently, of course, FSRA itself—engage and consult with IBC and its member companies in the rollout; that the timeline for introducing FSRA, given that it's a Band-Aid on a Band-Aid on a Band-Aid on a Band-Aid on a festering wound—shorten the timelines to make FSRA operational; and modernize Ontario's rate regulation system, which is sorely in need of repair.

On our third topic, with reference to the serious-fraud office, IBC supports the government's actions to reduce insurance fraud, and makes two recommendations: Take immediate action to establish a serious-fraud office. This has been named multiple times in multiple budgets, including last year, at which point money was actually attached to this initiative. It has been mentioned in multiple mandate letters. We would very much encourage the government to move forward with this particular initiative. We would ask that they establish a serious-fraud office that builds on the industry's anti-fraud efforts.

With reference to our fourth piece, electronic proof of auto insurance: The time has come to implement electronic proof of auto insurance for Ontario consumers. It is available in 47 states. It would allow consumers to show their pink cards in electronic format, on their phone—which everybody has—similar to the system that is already in place for Uber drivers. Permitting EPAI by way of a superintendent's bulletin would get the news out quickly and unroll it in a fairly wide-ranging and immediately accessible format.

With reference to the sharing economy, which is a new and, in many ways, untamed frontier, IBC supports the government of Ontario's efforts to integrate the sharing economy with the auto insurance system. Through the Sharing Economy Advisory Group, the government and insurers are working collaboratively on ways to ensure adequate coverage for consumers as the economy evolves.

For next steps, IBC proposes a legislative and a regulatory framework that includes the following: clear definitions; prescribed minimum insurance requirements; the ability for the sharing economy business and vehicle owners, or a combination of both, to purchase the required insurance for the vehicles; and—two more things—a requirement that the sharing economy businesses co-operate in the investigation of a claim, and that there be approved standard insurance forms.

Lastly, just to highlight, the industry would very much ask for an improved climate adaptation and resilience environment. Severe and catastrophic weather, as we experience it now globally—and Ontario is included in that—is unimaginable to us if we think of where we were 15 years ago. Even since five years ago, the changes have been significant.

If we think of 2016's biggest natural disaster, the Fort McMurray wildfires, they resulted in approximately $3.7 billion in insured damage. That's in insured damage, right? But severe weather and natural disasters are happening locally and more and more often. Some of 2016's most notable events in Ontario include:

—March 23 to 26, the southern Ontario ice storms, which hit Fergus, Orangeville, Barrie and Newmarket;

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—June 24 and 25, in northern Ontario, major storms in Killarney and Thunder Bay;

—July 8, in southern Ontario again, in Bradford, Markdale and London, there were significant storms;

—July 27, a major storm hit Toronto; and

—September 28 to 30, there was flooding in Windsor—it's called the Windsor flooding in the industry—which hit Windsor, LaSalle and Tecumseh, and that was the second time in about four weeks that Windsor was hit.

These are significant, and they're not going away. I think we all agree with that. Together, Ontario experienced $230 million in insured losses on nat cat alone in 2016.

We recommend that the government of Ontario establish a climate adaptation centre within a central agency; that a centrally located knowledge base would encourage cross-government initiative, those happening, obviously, in MOECC—the Premier has provided leadership on this, and indeed Minister Chiarelli is now working on resilient infrastructure; and that they bring those cross-government initiatives together to improve adaptation to severe weather events in a centrally located knowledge base. It would provide better leverage for government investments to protect Ontarians.

That is it for our formal remarks. As I say, I have my subject-matter experts with me, and they have real bench strength, so if there are any questions, we'd love to hear from you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. We have questions from Mr. Baker.

Mr. Yvan Baker: Thanks very much, and thanks very much, all, for coming in. We're going to start by thanking you for all your work and counsel and advice and work with the government. I know there's much more to do. That message has come to me loud and clear. But I want to thank you on the work to date.

I know, recently, some of the things that you brought forward are, for example, the discount for those consumers who use winter tires, and the prohibition on rate increases for minor accidents. Can you just talk about what the take-up has been on the winter tire discount? Can you talk about the take-up on the winter tire discount among consumers?

Ms. Kim Donaldson: I'm going to give this one to you.

Ms. Barb Taylor: We don't have specifics from each company as to the take-up, but I would think that it's actually growing. It came out later in the first year so there may not have been as many people who knew about it and started to buy winter tires and put them on their cars.

Prior to the introduction of it, I think we had roughly 16 insurers offering the winter tire discount. Now, obviously, all of them are offering that discount. I know my own son bought winter tires for his car to take advantage of the discount. So we don't have specific numbers at this point in time, but definitely it's growing.

Mr. Yvan Baker: Okay. One of your recommendations was around the need to address fraud. Could you just talk a little bit about the type of fraud that your members are experiencing—encountering—and how that's impacting consumers?

Ms. Kim Donaldson: I will turn this to Liam, noting before we get started that it's $1.3 billion yearly in premeditated fraud alone. Liam?

Mr. Liam McGuinty: Yes, so you're looking at anywhere between 9% and 18% of total auto insurance premiums. Fraud accounts for that percentage.

You're looking at a couple of kinds of fraud. Accident benefit claims that are exaggerated or that occur when no real injuries have actually taken place or where the entire accident was staged: Let's call that number one. Number two: There are a number of health care clinics and medical and legal professionals that bill for services that are either unnecessary or are not provided, or they overbill for the services that are provided.

The serious-fraud office, which your government has committed to and we look forward to hearing more about, has a chance to play a complementary role to the investigation that is already being done by our member companies individually and by the investigative services division of IBC—in particular, a focus on prosecution. In many cases, our member companies and ourselves will produce strong investigation work and hand it over to the police, but sometimes those resources just aren't there to take it to prosecution, so that's something we're looking for in terms of a complementary role when the serious-fraud office is created.

Mr. Yvan Baker: Okay. You talked about financial literacy during the presentation—the need for plain language. We've heard that from one of the other presenters. Could you talk about it specifically? How will that benefit consumers? To my mind, in part, that's about ensuring that consumers know what they're buying and buy the coverage that they need and not buy coverage that they don't need.

Ms. Kim Donaldson: Yes.

Mr. Yvan Baker: Is that about ensuring that they exercise their rights under existing policies? Tell me about the benefits for consumers.

Ms. Kim Donaldson: There are multiple aspects to this, not the least of which is that basically nobody reads it. I think that that is very clear. Nobody reads it to start with, and nobody reads it because it is virtually incomprehensible, as written. Plain language there would be helpful.

The terms that are used—people will refer to SABS, but no one knows what SABS is. If I challenge you and I say, "You have a component in your policy that says you're entitled to BI," does anyone know what BI is? No, probably not. It means "bodily injury." If I further challenge you and say, "Tell me what 'bodily injury' means," people will say, "It's when you're hurt," right? No, no. It means the right to sue.

I would just use that as an example. Nobody knows what it means. The language itself does not tell you what it is that you're buying or what it is that you're entitled to.

I would say that if there is reform coming with David Marshall's report, putting it into plain language—where it is what it is, as they say, and it really is what it is—would be a huge step forward for understanding and for buying the coverage that is required.

Mr. Yvan Baker: Thank you.

Chair, how much time?

The Chair (Mr. Peter Z. Milczyn): Fifteen seconds.

Mr. Yvan Baker: Fifteen seconds?

Ms. Kim Donaldson: Excellent.

Mr. Yvan Baker: Thank you all for your work and for your presentation here today.

Ms. Kim Donaldson: Thank you. Good luck.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. I know you provided quite the submission, but if there's anything further, you have until 5 p.m. on Friday.

Ms. Kim Donaldson: Okay. Thank you.

ONTARIO REAL ESTATE ASSOCIATION

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Ontario Real Estate Association. Good afternoon. You have up to 10 minutes for your presentation, following which will be five minutes of questions from the Progressive Conservative caucus. If you could please provide your names for the official record as you begin.

Ms. Valerie Miles: Valerie Miles.

Mr. Adam Yahn: Adam Yahn.

Ms. Valerie Miles: Good afternoon, Mr. Chair and fellow committee members. My name is Valerie Miles and I am chair of the Ontario Real Estate Association's government relations committee. Joining me today is Adam Yahn, assistant director of government relations.

OREA is the provincial association for over 67,000 real estate brokers and salespeople who are members of Ontario's 39 real estate boards.

To begin, OREA wants to thank the government for making home ownership more affordable by doubling the land transfer tax rebate for first-time homebuyers. This week, OREA launched a new website to promote the improved rebate to first-time buyers. The website is firsthomerebate.ca, and I encourage you to share it with folks in your riding looking to buy their first home.

The expanded LTT rebate is a prime example of the continued efforts of the Ontario government to support homebuyers across our province. As of January 1, Ontario's first-time homebuyers are eligible to receive a $4,000 land transfer tax rebate, an increase of $2,000.

The new rebate means that young families will not have to pay any tax on the first $368,000 of the purchase price of a home. It's a big hand up to that young person living in their parents' basement. It means more of them will achieve the Canadian dream here in Ontario.

However, there is still more work that needs to be done to address the affordability challenges impacting Ontario families.

The affordability challenges facing many young buyers in particular are being driven by a lack of housing supply in the market. There are simply not enough homes, particularly detached homes, semi-detached and townhomes, available to meet the demand. When supply can't meet demand, prices go up. Families are now driving, to qualify, to places like Hamilton, Durham, Waterloo and York region, in search of affordable single detached homes. We need to look at ways to increase new supply within the greater Toronto and Hamilton area.

According to the Neptis Foundation, 45,000 hectares of land designated for development in the GTHA are sitting empty outside the greenbelt. A lot of it is being held back by red tape and needless bureaucracy.

In Ontario, it can take over 18 months to get municipal approvals for standard, single-family and multi-dwelling projects that do and do not require rezoning.

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OREA is recommending the creation of a centralized and streamlined approvals process at the regional/county level and the provision of more resources to municipalities so they can get permits approved faster.

Additionally, the government should consider creating dedicated funding for the servicing of greenfield land to incent developers to start projects sooner. Investing in serviceable land also allows the province to guide where development occurs.

OREA also recommends that the government reconsider the changes being proposed to their provincial growth plan and Places to Grow. The changes would force communities in the GTHA to adopt "Bloor and Yonge style" intensification targets. This will mean that even fewer ground-related homes, especially homes from the "missing middle" of the supply spectrum, will be built, which will further exacerbate the lack of supply and lead to more price increases.

The supply problem is most acutely felt by growing families looking to move from a condo to a place where their kids have space to run and play. As we work together to fix the supply problem, we must give young families greater options to find a home right here in the GTA.

To tackle housing affordability and housing supply, OREA recommends that the government strike an affordable home ownership task force to study the problem and make recommendations to the province. OREA would be pleased to participate in the working group and support its mandate.

OREA also wants to raise our concerns with the government's proposed Home Energy Rating and Disclosure program. HER&D would require a homeowner to complete a time-of-listing energy audit and would then be forced to put the score on the real estate listing. While we support efforts to reduce GHG emissions from the residential housing sector, we cannot support a mandatory home energy audit program. We are concerned that the government's proposal will put consumers at risk by forcing homeowners to use the services of an energy auditor that is unregulated and unlicensed.

Consider the case of an elderly person looking to sell their home. HER&D will expose vulnerable seniors to unscrupulous auditors who have virtually no government oversight. Instead of plowing ahead with HER&D, Ontario should first be licensing the energy audit sector like they are with home inspectors.

We also urge the government to reconsider the proposed program and instead support voluntary home energy audits, while providing more funding for energy efficiency retrofits. A program that actually invests in helping owners to retrofit their properties instead of paying for energy audits will do much more to help Ontario achieve its climate change goals.

Lastly, we hope to see a commitment in the 2017 Ontario budget to review the Real Estate and Business Brokers Act, 2002. REBBA, 2002, sets out the rules and regulations that all real estate brokers and salespersons in the province must abide by. With the start of a new year, this offers an opportune time for the government to review REBBA, 2002, and improve the standards set out in the legislation.

As part of the review—or even sooner—OREA recommends the province amend the act to permit real estate salespeople to form personal real estate corporations, or PRECs. Realtors are one of the few professions in Ontario who can't form professional corporations. Chartered accountants can; insurance brokers can; mortgage brokers can; realtors can't. OREA calls on the government to follow suit and allow realtors to form PRECs and be treated fairly like other regulated professions in the province.

Home ownership is a pillar of our community. It supports jobs, strong neighbourhoods and strong families. Unfortunately, according to Ipsos Reid, 85% of Ontario's millennials believe that owning a home is more difficult now than it was for their parents' generation, and 84% feel that owning a home will be even more difficult for the next generation. We should be instilling hope in our young people by supporting the Canadian dream and making Ontario more affordable for the next generation of homeowners.

Thank you very much for your time. Adam and I would be happy to take any questions.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. We have questions from Mr. Barrett.

Mr. Toby Barrett: Thank you, OREA. Very briefly, I'm just wrapping up a house sale at the end of this month. In a way, it's easier to buy a house than sell a house. I'm not selling a house in Toronto, so it takes quite a bit of work, and I appreciate the agent—the work that was done there. There are so many things to do: running around, insurance, utilities, a lawyer, of course. The purchaser of this house had a house inspection. That's not mandatory, and we welcomed that. Of course, with the house inspection, we agreed to do other repairs—and kind of debate this and that—and try to find a plumber and things like that.

With an energy audit, which could be much more significant—even structural changes to the house. I'm hoping to wrap this up in a week. Again, to make it mandatory—the people I work with on my farm are available in the warm weather, not in January. There's a lot of work that you don't necessary want to do on the exterior of a house in January. It's not possible.

I just have some questions. Did this come from people who are actually in the business of construction and selling and buying homes? Where did this come from?

Mr. Adam Yahn: This was a proposal included in the climate change action plan. It was one of the commitments that the government had made, to make this a requirement when the home is listed for sale. Quite frankly, we oppose this. We are more in favour of the voluntary audit and encouraging retrofits.

Looking back to the home energy savings plan from 2007, that was a voluntary program, and it took the equivalent of 60,000 cars off the road.

Again, going back, we would be more supportive of a voluntary program that would encourage it as opposed to a stick approach.

Mr. Toby Barrett: My colleague may have a question.

Mr. Victor Fedeli: Thank you very much. Welcome, and thanks for the presentation. A lot of it was Torontocentric, or GTHA-centric. You talk about the provincial growth plan. I'm familiar with two growth plans in Ontario. One is the Golden Horseshoe growth plan. Their plan is designed on how to limit growth, how to restrict growth.

We have one in the north called the northern growth plan, and its purpose is to try to ignite growth. Do you have any comments for us about attracting people to purchase the plentiful amount of homes in the north, which are all at reasonable prices, in the city of North Bay in my riding, versus Toronto? There aren't very many million-dollar homes, but many of the homes in North Bay are on either Lake Nipissing or Trout Lake, where you have a beautiful sunrise or a beautiful sunset.

Do you have any thoughts that you could add to your four-page submission that relate to somewhere outside of the GTHA?

Ms. Valerie Miles: Go ahead.

Mr. Adam Yahn: The way you described it, have you considered a career in real estate?

Mr. Victor Fedeli: Perfect. Move home.

Mr. Adam Yahn: There are a lot of considerations that have to be given to a person's reason to live in an area. Obviously, economic growth and jobs is one of them, for sure.

Going back to our Toronto focus, it just happens to be where the majority of the population is right now, and there are a lot of challenges impacting the supply and demand and the housing prices, so that's why the focus was there in the presentation.

But going back, jobs and economic growth are all important factors; keeping taxes on housing low. The land transfer tax rebate is a very good step. That will help a lot of first-time home buyers in North Bay, as most of those homes are below the $368,000 threshold.

Ms. Valerie Miles: I'd also like to comment that a housing shortage is also creeping north of Highway 7. I am from Bancroft. I work in the Bancroft region. We have had four years of consistent lack of inventory. Some of that is happening because even within our own small town, the municipality is struggling to be able to expand our infrastructure. So it's a little difficult to get people to come to some of our communities sometimes. But a shortage is a conversation that is occurring, really, in a very large part of the province.

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Mr. Victor Fedeli: When you talk about red tape and you talk about the 18 months in many places to get the approvals, how would a centralized or a streamlined approval process work? I think you mentioned 39 different real estate boards, 444 communities in Ontario. How do you think that would work? Is it by design, by provincial mandate? Is this what you're thinking?

Mr. Adam Yahn: I don't think we would talk about a provincial mandate, but providing some guidance, rather. The 18 months is an average. It can range from as low as 14 months in Hamilton-Burlington to up to 25 months in Clarington in terms of approvals. So there's a wide range and that's one of the challenges that many builders and developers face. You have those added carrying costs, the salaries, the taxes that will ultimately be translated back to the home purchaser. By creating a more streamlined approach, you'd be able to reduce the ultimate costs for that purchaser and reduce the overall developer costs as well.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all the time for your presentation today. If there's anything further you'd like to provide in writing to the committee, you have until 5 p.m. this coming Friday.

Mr. Adam Yahn: Thank you very much.

Ms. Valerie Miles: Thank you.

ONTARIO CHAMBER OF COMMERCE

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Ontario Chamber of Commerce. Good afternoon. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the New Democratic caucus. If you could please provide us with your names for the official record as you begin.

Mr. Karl Baldauf: Great, thank you. My name is Karl Baldauf. I'm the vice-president of policy and government relations at the Ontario Chamber of Commerce.

Mr. Andrew Thiele: My name is Andrew Thiele. I'm a policy analyst.

Mr. Karl Baldauf: Thank you very much and good afternoon, everyone. Just by way of background, the Ontario Chamber of Commerce is the voice of Ontario's business community. We have 60,000 member businesses that are part of about 135 boards of trade and chambers of commerce in communities across Ontario, including many of your ridings. So it's wonderful to be here today and to see so many familiar faces.

We will have a complete submission that we will be providing to the committee by the end of this week. For the purposes of today, I will just be making some high-level remarks that focus on our key pillars.

The Ontario Chamber of Commerce is pleased to have this opportunity to present our recommendations to you as part of the Ontario government's 2017 pre-budget consultations. Drawing specifically on the resolutions passed by our chamber network at our annual general meeting, our pre-budget submission outlines four key budget priorities and 14 specific recommendations that we believe the government of Ontario should adopt to restore fiscal balance and spur economic growth for the economy.

Today we will present a snapshot of that submission, emphasizing our four key budget priorities:

(1) Demonstrate fiscal prudence and sound budget management.

(2) Address the infrastructure deficit by investing infrastructure funds strategically.

(3) Foster conditions for increased Ontario business competitiveness.

(4) Improve conditions to allow municipalities to thrive.

Our first pillar, demonstrating fiscal prudence and sound budget management: Addressing the current fiscal context should remain the government's top priority. With Ontario's net debt projected to rise by $64 billion over the next five years to $370 billion by 2020-21, Ontario must demonstrate fiscal prudence and fulfill its commitment to balance the budget by 2017-18.

The government has reaffirmed its commitment to achieve a balanced budget by that year and maintain balance going forward. In order to achieve fiscal balance, the province must demonstrate greater fiscal prudence and sound budget management. In order to help demonstrate this, the Ontario government should seek to increase the transparency of crown corporation divestment. Presently, crown corporations may be divested without a complete comprehensive business case or socio-economic impact study.

This lack of transparency or oversight can inadvertently invite considerable costs, both short- and long-term, to Ontario taxpayers and businesses. In the future, the Ontario government would benefit from greater transparency regarding its divestment of crown corporations. The ongoing uncertainty resulting from the lack of adequate information in the government's decision-making has harmed businesses' ability to operate with confidence in Ontario.

Therefore, the OCC urges the government to commit to divesting a crown corporation only after producing a comprehensive business case and socio-economic impact study subject to stakeholder review.

Our second pillar is addressing the infrastructure deficit by investing infrastructure funds strategically. Ontario's infrastructure deficit is delaying recovery in all parts of the province. While the OCC applauds the Ontario government in their investment of $160 billion over 12 years in direct infrastructure spending, it is not yet clear where these funds will be deployed and which principles will guide infrastructure funding allocations.

So much of the time that we talk about infrastructure, we're focusing on transit and transportation, but today I'm going to focus on another issue. Modernizing communications infrastructure and building a seamless transportation network will help Ontario meet the needs of a growing population and strengthen our economy. That's why Ontario must support economic growth with expanded broadband access.

Inadequate access to ultra-high-speed Internet is compromising the ability of communities across this province to attract and retain businesses. As highlighted in our Small Business Too Big To Ignore campaign, broadband shortcomings throughout the province are weighing on the ability of small businesses to compete in the technology-driven knowledge economy. Ontario has the opportunity to bridge the broadband gap and promote competitiveness in the next generation of fibre optic networks.

To achieve this, the OCC urges the Ontario government to take the following actions:

First, consider broadband as a component of infrastructure.

Second, facilitate the creation of additional regional bodies that can help us build a business case for federal and private sector broadband investment.

Third, benchmark Ontario's Internet speeds and access versus competitor jurisdictions and consider five-year targets of one gigabyte per second for business and 50 megabytes per second for residential.

Our third pillar is fostering the conditions for increased Ontario business competitiveness. According to our most recent survey, only one in five Ontario businesses is confident in Ontario's economic outlook. That's staggering.

Additionally, there is a feeling amongst businesses that politicians are insensitive to the cumulative financial burden of current public policy. Business owners stress that the cost escalation that results from this approach acts as a direct constraint on their ability to invest in the human and physical capital required for growth.

To address these concerns, the OCC recommends that the government reinstate scheduled corporate income tax reductions by 2017-18. In the 2009 budget, the government of Ontario pledged to reduce the corporate income tax rate to 10% by 2013. Within 10 years, it was estimated that the value of this reduction would see Ontario benefit by an increased capital investment of $47 billion, increased annual incomes of up to 8.8% or $29.4 billion, and an estimated 591,000 net new jobs.

With Ontario promising to return to fiscal balance, the OCC urges the government to reinstate scheduled corporate income tax reductions by 2017-18. By adhering to its comprehensive tax reform package, the government would send a clear message of stability to Ontario's business community, who are looking to the provincial government for a stable policy regime and responsible fiscal and economic stewardship.

Our final pillar is improving conditions to allow municipalities to thrive. Ontario must seek to improve conditions wherein municipalities operate. Ontario needs strong cities and communities to compete in the race for jobs, talent and investment. Without access to revenues that grow the economy and without long-term investment from other levels of government, municipalities continue to face a gap between their responsibilities and their abilities to pay.

To better meet the needs of individual residents, the OCC recommends the modernization of the Connecting Links funding program. Municipalities struggle to adequately address the true cost of maintaining portions of provincial highways. Already facing numerous infrastructure funding challenges, the 77 municipalities to which the province has downloaded the responsibility of maintaining 350 kilometres of connecting links are under particular financial duress. The province has long recognized the responsibility for assisting in highway maintenance through the Connecting Links funding program, which provided an annual $15 million to cover 90% of project costs until 2013.

While the OCC applauds government for reinstating the Connecting Links Program to 2015, the loss of $30 million in funding over the two years forced communities to defer much-needed maintenance, adding to already-substantial costs. The OCC urges the government of Ontario to provide a one-time $30-million enhancement of the Connecting Links fund as a transitional measure to assist affected communities in addressing the two-year gap in which the program was discontinued, and to work with the federal government to determine joint opportunities to improve funding for the Connecting Links Program.

Thank you for your consideration of the OCC's 2017 provincial pre-budget submission. You will be hearing more from us in the weeks ahead when you receive our formal submission later this week, as well as in early February, when we have a media-facing pre-budget submission announcement that we'll be making.

Thank you very much for the opportunity today.

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The Chair (Mr. Peter Z. Milczyn): Thank you. Mr. Vanthof has questions.

Mr. John Vanthof: Thank you for coming. Just to start off, a long time ago, as president of the Temiskaming Federation of Agriculture, I was responsible for about 40 of your members when I canvassed all the farmers around Earlton and New Liskeard to become members of the Temiskaming Chamber of Commerce.

Mr. Karl Baldauf: Wonderful. Thank you.

Mr. John Vanthof: I'm a big believer.

You brought up a few things, and the one I'd like to start with is that you mentioned broadband. I recall, when the Internet first came out, that that was going to be the big equalizer across the province. You no longer would have to be in Toronto to be connected. That hasn't turned out to be the case because, as you mentioned, by geography, lots of the province doesn't have any connection, but most doesn't have adequate. Could you expand on that?

Mr. Karl Baldauf: Sure. I'm happy to make a comment on that. When we think about communities in the province that might not have adequate access to broadband infrastructure, we immediately may think of more remote areas of the province, very rural areas of the province. But we have chambers in York region who are saying to us that they have pockets where individuals have inadequate access to Internet, and these are communities that touch Toronto.

We do think that there needs to be political public-sector leadership to bring forth and to work with the private sector to establish standards for Internet access in communities across the province. The alternative to that is to watch a gulf continue to grow between rural and remote areas and, in some cases, as I say, suburban areas of the province, and downtown Toronto.

These are communities where people want to stay. They want to remain. They want to work and, in some cases, work from home. They want to advertise to the world about the tourist opportunities that exist there, the hospitality that exists in these communities, and they don't have the infrastructure or the ability to operate on the same footing as somebody who operates in downtown Toronto.

We wrote a letter to the provincial government in the summer. It was a two-page letter that talked about the need for government to make a priority out of this issue. We didn't expect this to get very much airtime, but I think it was one of the issues that got the most focus of any advocacy issue we focused on throughout 2016. It was impressive. So that's why this year we're placing it strategically in the middle of our pre-budget submission: because we think it's an issue of vital importance.

I should recognize that the province, a week or two after that request, made an announcement where they were expanding and making investments in southwestern Ontario and, of course, there had been some announcements, working with the eastern Ontario wardens' council, so announcements have been forthcoming. But there is no province-wide strategy, and there has been a picking and choosing of which communities get the adequate focus. We would say there needs to be a province-wide strategy to address the broadband infrastructure gap.

Mr. John Vanthof: Thank you. One of your points is that you would like the province to demonstrate fiscal prudence. Do you think a comprehensive business case has been made for the divestment of Hydro One?

Mr. Karl Baldauf: It's a funny issue, because on the one hand, of course, the OCC, as an organization, believes in the ability of the market to bring down costs. That's why, when the divestment was first announced, we were optimistic about what it could mean, that it could indeed bring down costs. We believe in the power of the market. But what we saw was a lot of our members communicate to us inherent distrust of the process, and the reason why is because they did not feel that enough had been done in the way of making public the process that the government had gone through in order to come to this conclusion.

I would suggest that this government, or any future government, would benefit from going through a rigorous process to make the case that they have gone through and evaluated all the various elements to making a decision like what happened with Hydro One. So we would certainly encourage a more rigorous process in future.

Mr. John Vanthof: Okay.

I still have some time?

The Chair (Mr. Peter Z. Milczyn): About one minute 20.

Mr. John Vanthof: Perfect.

You mentioned that we have an infrastructure funding deficit and an infrastructure deficit. Have you got any suggestions on how that infrastructure should be funded?

Mr. Karl Baldauf: It's an important question right now. We have a caucus of GTHA chambers, and we're talking quite a bit about road tolls. To be honest, we haven't netted out any better than a lot of broader groups within the population have, in terms of having conflicting perspectives on that.

Certainly, we and member chambers, like the Toronto Region Board of Trade, have argued the need for new revenue tools. Broadly aligned, that conversation, we're there. But in terms of what they are specifically, we have not stated publicly, for example, our position on road tolls, which I know is the solution du jour.

Mr. John Vanthof: Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. We look forward to your submission later this week.

Mr. Karl Baldauf: Thank you.

Mr. Andrew Thiele: Thank you.

ONTARIO ENGLISH CATHOLIC TEACHERS' ASSOCIATION

The Chair (Mr. Peter Z. Milczyn): Our final witness of this afternoon is the Ontario English Catholic Teachers' Association. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Liberal caucus. If you could please state your names for the official record as you begin.

Ms. Ann Hawkins: Thank you. My name is Ann Hawkins, and I am president of the Ontario English Catholic Teachers' Association.

Mr. David Church: I'm David Church. I'm the deputy general secretary of the Ontario English Catholic Teachers' Association.

Ms. Ann Hawkins: It is my pleasure to be here to speak to you this afternoon. Thank you for the opportunity.

Our association represents more than 45,000 Catholic teachers from across Ontario who each year are responsible for educating more than half a million students. As dedicated professionals, we have a vested interest in our students' futures. We know that strong investments in Ontario's education system will not only have immediate benefits for students but will also lay the groundwork for much broader prosperity in the future. In this spirit, it is my pleasure to be here this afternoon to present OECTA's 2017 pre-budget submission.

During the 2014 election, the Liberal Party campaigned on a platform to invest in social programs and social infrastructure. Premier Kathleen Wynne put the matter bluntly: "That's what governments exist to do," she said. However, in many ways, this pledge has not matched reality. Ontario still has the lowest spending on public programs per capita of any province in Canada. This is not a proud achievement.

The upcoming budget provides the government an opportunity to fulfill its mandate, and we urge the government to do so. Naturally, Catholic teachers are concerned about a variety of issues that are likely to feature prominently in the budget. A full discussion of these topics and a list of recommendations have been made available to you in our brief.

I would like to focus my comments today on several key education priorities. First, the government must continue to support and invest in Ontario's four publicly funded education systems. Our provincial system of public education is widely considered one of the strongest in the world. The recent release of the Programme for International Student Assessment results confirmed that Ontario students are some of the best performing of any of the OECD countries. Last year, the province's five-year graduation rates reached the highest level in Ontario's history.

As we have for almost 150 years, Ontario's publicly funded Catholic schools continue to make vital contributions to the province's world-renowned education system. We provide high-quality education to a third of Ontario's student population and produce graduates who excel in all areas of 21st-century society.

The publicly funded Catholic education system challenges students to develop their character and a deep understanding of the common good through a modern and values-based curriculum. The teachers I speak with every day are rightly proud of these accomplishments. In fact, all Ontarians can respect and celebrate the success of our publicly funded education system and the role that our Catholic schools play in that success.

In recent months, we have seen calls to close schools, specifically in rural areas, as a way to improve cost efficiency and deal with enrolment issues. However, there are other, more fruitful alternatives, ones that would not disrupt the lives and livelihoods of hundreds of thousands of students, families and education workers. For instance, we ask that the government encourage school boards to further explore shared services agreements, as well as shared facilities agreements, for co-terminus boards.

Ontarians already reap considerable benefits from these arrangements. For example, in Brantford, St. Basil Catholic Elementary School and Walter Gretzky Elementary School each have a wing in a 90,000-square-foot shared facility. The arrangement has already produced significant cost savings.

This approach is further supported by a feasibility analysis of 11 school boards carried out by Deloitte in 2012, which found that shared services in areas such as energy and transportation could produce ongoing annual savings of $3 million to $8 million per year, representing a 13% to 28% savings on these boards' annual total expenditures.

Ultimately, there are ways to find cost efficiencies within our current system. Education is a public good; efficiency should not come at the expense of quality.

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A second area of focus concerns the topic of well-being. We are pleased that the government has adopted a more comprehensive definition of well-being. Catholic teachers are acutely aware that many mental health issues first appear in childhood or adolescence but that young people remain the least likely to seek or access adequate care. In order for elementary and secondary schools to properly support students with emerging or existing mental health needs, the government must ensure that schools are adequately funded, prepared and resourced.

Where we have some concern, however, is with the next steps indicated in the government's well-being strategy for education. Specifically, we're wary of any strategy that is overly concerned with data collection in an attempt to quantify a nuanced and qualitative issue. Rather than furthering our reliance on standardized testing, which already contributes to psychological stress among students, the province's strategy should focus on other tools that can examine and address well-being in all its complexity.

Finally, we must remember that teachers and students in the classroom must be the focal point of provincial education funding. For example, money for professional development should be allocated for teacher-directed and teacher-led initiatives. Training programs must reflect the experiences of teachers on the ground, rather than be dictated from central administration, and funding should be directed as such.

One of the many benefits of specialized teacher-led professional development is that it allows teachers to better understand and engage with particular student populations. Perhaps nowhere is this more evident than with First Nations, Métis and indigenous populations. Although there is much-deserved attention paid to on-reserve schools, it is important to remember that 82% of indigenous students attend a provincially funded school. To redress the current education and resource gaps that many indigenous students face, the government must ensure that schools have additional resources so that indigenous students have access to the proper supports.

Part of this should involve efforts to indigenize the curriculum, which has been shown to have positive and quantifiable benefits for indigenous and non-indigenous students alike. The government should provide funding to integrate aboriginal education opportunities throughout the curriculum and to ensure that students learn about First Nations, Métis and Inuit cultures and history. At the same time, the government must take responsibility for supplying indigenous communities with qualified, experienced teachers, rather than relying on partnerships with private organizations.

The multifaceted role that Catholic teachers play overlaps with many of the issues central to Ontario's current and future prosperity. Issues such as fighting poverty and inequality, empowering youth and ensuring a prosperous society can all be traced back to robust investments in education. This includes a focus on providing affordable, accessible and high-quality child care and early learning opportunities for all children.

If we as a society are to reach our full potential, we must make a concerted effort to break down the social and financial barriers that many citizens continue to face. Investing in education and other public goods will ensure that all Ontarians have the best chance to succeed in life. We urge the government to honour its campaign promises and to make bold investments in Ontario's future.

Thank you very much for giving me the opportunity to speak to you this afternoon. I'd be happy to take questions.

The Chair (Mr. Peter Z. Milczyn): Thank you. Ms. Hoggarth has questions for you.

Ms. Ann Hoggarth: Good afternoon. Thank you for your presentation. I'm a former member of OECTA, many years ago. I taught at Holy Rosary in Milton and at St. Mary's in Barrie, where I went as a student as well.

First of all, you brought up a number of important points. I know the government is working on many of these issues. We have invested significantly in the past few years in supports for indigenous students, and we're now working to respond to the truth and reconciliation calls to action, including mandatory learning about the history of residential schools.

How are the teachers in your—I call it a federation—your union responding to this?

Ms. Ann Hawkins: Actually, we've done a tremendous amount of work on this already. Our professional development department has been working with self-identified indigenous members. We have produced a curriculum and are, in fact, working at this point in time, through the Institute for Catholic Education, on a committee to deal with the Truth and Reconciliation Commission recommendations.

As an association, we started before that particular organization got together with us to start working in that general direction, making sure that we have materials that are available to our teachers so that the delivery of the curriculum to the students can happen as quickly as possible.

Ms. Ann Hoggarth: I know from experience—my community just went through a very upsetting closing of a school. It was the oldest school in Barrie. It was very difficult, mostly for the alumni. The kids, when they get into a new school, usually respond very quickly. We do know that the closing of the school is done through an accommodation review process. It sometimes takes a couple of years. Do you have any suggestions about how school boards that make the final decision about closing could do it—how would I say this?—more humanely?

Ms. Ann Hawkins: I'm going to turn this back and go with the fact that, within the submission, there are other ways to utilize space in schools rather than closing them. I know that the review process can be very painful for everybody involved.

I truly believe that all school boards that have to go through this process do act as humanely as possible. The reality is, especially in rural and remote areas, that the school is the heart of the community.

Ms. Ann Hoggarth: I'm sorry. I didn't hear you.

Ms. Ann Hawkins: The school is the heart of the community. Making sure that schools have the supports that they need—and that may be doing shared facilities or using the facilities in the schools to bring in other community groups to use them.

Ms. Ann Hoggarth: I was very interested in your example that you gave of the shared facility.

Ms. Ann Hawkins: Yes.

Ms. Ann Hoggarth: I know that in our area we have a school library that is shared by a community. Otherwise, the school board would not have had the complete amount of money to build it. It's really nice for the community too.

Ms. Ann Hawkins: It's one of the things that I sincerely hope all school boards that are facing this are actually looking at—the coterminous boards—to see where they can work together to make sure that they do share cost efficiencies.

Ms. Ann Hoggarth: Okay. Any more time?

The Chair (Mr. Peter Z. Milczyn): Just over a minute.

Ms. Ann Hoggarth: Okay. Would you like to talk to us about broadband Internet in your schools and how important you think it is for teachers and students?

Ms. Ann Hawkins: Okay. The reality is, when we're going to more and more e-learning and more online resources—and the other part is the lack of textbooks and the cost of textbooks. A lot of the research that is done by students—and I've been out of the classroom for three and half years, but I taught grade 11 and 12 sociology, anthropology and psychology. For most of the research they did, I had to use the computer lab in the school. Getting access to it was the difficulty, as well as having consistent—it has to be sustainable and not go down on a regular basis.

If you're going to go into 21st-century learning, students and teachers have to have access.

Ms. Ann Hoggarth: Thank you very much for your advocacy on behalf of students and teachers, and thanks for your presentation.

Ms. Ann Hawkins: Thank you very much. It's a pleasure.

The Chair (Mr. Peter Z. Milczyn): Thank you. If there's anything further that you would like to submit to the committee in writing, you have until 5 p.m. on Friday to do so.

Ms. Ann Hawkins: Thank you very much.

The Chair (Mr. Peter Z. Milczyn): That completes our witnesses for today.

Mr. Baker, you have a point of order?

Mr. Yvan Baker: A point of order, yes. I wanted to put forward a request for unanimous consent to the committee that we have the Clerk of the Committee send all of the submissions received during these pre-budget consultations up until now to the Minister of Finance, and that any future submissions also get forwarded to the minister.

The Chair (Mr. Peter Z. Milczyn): Any discussion? All those in favour? That passes unanimously.

There being no further business, the committee stands adjourned until 9 a.m. tomorrow morning in Brampton.

The committee adjourned at 1649.

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