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Thursday 4 December 2008

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Jeudi 4 décembre 2008

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
Greffier : William Short

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 4 December 2008

Jeudi 4 décembre 2008

The committee met at 0803 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order.

CANADIAN HEARING SOCIETY, TORONTO

The Chair (Mr. Pat Hoy): We'll begin our pre-budget consultations for the year 2009 this morning with the Canadian Hearing Society, Toronto, if you'll come forward, please.

Mr. Tim Hudak: The rotation, Chair?

The Chair (Mr. Pat Hoy): It's five.

Mr. Tim Hudak: Thank you.

The Chair (Mr. Pat Hoy): Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Kelly Duffin: Thank you very much, Mr. Chair. I'd like to thank you for allowing the Canadian Hearing Society to present before you and your distinguished committee. It is a pleasure to see many of you again.

I'm Kelly Duffin. I'm the president and CEO of the Canadian Hearing Society. I'm here with my colleague Gary Malkowski, who is our special adviser on public affairs. The Canadian Hearing Society is a 68-year-old, non-profit organization that provides an integrated roster of 17 health and community services to deaf, deafened and hard-of-hearing people in 27 offices across Ontario.

For our presentation today, we've chosen to focus on ways we can support the stated priorities of poverty reduction, mental health and seniors aging at home while effectively managing the province's finances in these times of economic uncertainty, and we offer two recommendations.

Mr. Gary Malkowski (Interpretation): Good morning. The first recommendation is to continue focusing on the poverty reduction strategy by increasing employment services. Recent studies affirm that poverty costs the province billions of dollars in social assistance, health care, crime and lost tax revenues.

We ask you to consider three other facts:

Ontarians with disabilities are almost twice as likely to live in poverty compared to other Ontarians.

Over 55% of working-age adults with disabilities are currently unemployed. For women with disabilities that rate is almost 75%.

The unemployment rate for persons with disabilities is five times that of people without disabilities.

These statistics are staggering, and we hope the government's announcement today will be a step towards a meaningful poverty reduction strategy and that it will urge you to ensure that people with disabilities are included within that strategy. Getting people into jobs not only improves their lives immeasurably, and the lives of their children, but reduces the cost and increases revenues to the province.

We will also take this opportunity to highlight the importance of specialized employment services for people who are deaf and hard of hearing.

You may be aware that MTCU has recently begun a review process of employment services providers to determine the agencies with whom they will contract for employment service delivery in fiscal 2010 and beyond. While CHS believes that we can ably provide that service that MTCU is seeking, there is nonetheless some anxiety that if CHS is not a chosen provider, the deaf and hard-of-hearing Ontarians will have to go to a generic disability service provider if that is the model MTCU adopts in some regions.

This would be a significant concern for deaf and hard of hearing Ontarians whom we serve as these alternative providers generally cannot readily provide service in American Sign Language to deaf clients who use ASL and do not have regular access to accommodations such as sign language interpreters and real-time captioners. The result for the client is a service provider that presents, not prevents, barriers in their job search. In many cases, this means the client must make multiple repeat visits only when access is pre-booked, that he or she is dealing with a service provider who may not fully understand their accommodation needs and lacks experience in selling employers on the hiring of deaf and hard of hearing staff, followed up with a deep knowledge of the devices and accommodations that will make the placement successful and ensure the job found is retained.

CHS's founding service was employment service because it was consistently the most needed and most

valued service in the communities we serve. Those communities' anxiety about the potential of losing an accessible environment if MTCU selects a generic disability approach is heightened, as you can imagine, during these uncertain economic times. More and more of our clients are facing unemployment, and it would be a stressful time to reduce their access to essential service.

I also want to touch on the value-for-money proposition provided by this service.

According to ODSP, 14% more deaf and hard of hearing people are on income support than they were just two years ago, at an incremental cost of over \$9.5 million before accounting for the cost of ODSP and lost tax revenues. We are seeking \$2.5 million in additional employment services funding to support those people in getting off social assistance and into the workplace, and we believe that represents value for money.

Ms. Kelly Duffin: Our second recommendation is to make strategic investments that will reduce cost and waste.

Clearly, we believe that the employment service Gary just described would not only support the government's goal of poverty reduction but would also represent a strategic investment. But we are also aware of many people who are coping with hearing loss and mental health issues who have been inappropriately assessed and misdiagnosed, and others who are currently improperly institutionalized. These are also the most marginalized members of society, often with multiple disabilities, complex service needs, living in poverty and without the means of navigating a complicated health care system. For most of them, CHS is the only accessible service option as they struggle with mental health or addiction issues.

There are many reasons for this. Mainstream service providers are not familiar with the accommodations, such as sign language interpreting and real-time captioning, that are routinely available at CHS, and often the consumer is denied ongoing treatment or leaves counselling because it is not accessible.

There are no addiction services in Ontario that are accessible for deaf, deafened and hard of hearing consumers. Often these programs are based on a peer group model which is isolating and ineffective for the person who cannot hear or participate in those group discussions.

We are encouraged to know that mental health is one of Minister Caplan's three priorities. In fact, the Canadian Hearing Society has had a proposal for \$4.2 million to expand our mental health counselling program at the Ministry of Health for the last two years.

0810

In the two years we have been waiting for a response to our expansion proposal, people are going untreated and latent crises become full-blown, while still other people languish in inappropriate environments at costs ranging from \$100,000 to \$400,000 per person per year. That is to say that millions of taxpayer dollars have been, and continue to be, wasted warehousing people in prisons

and psychiatric wards who should not be in those institutions.

We have the appropriate expertise to provide a more accessible, culturally appropriate service that can significantly reduce government expenditures and dramatically improve client outcomes. I am proud to say that the Ministry of Health and the Canadian Hearing Society have been recognized by the Ontario Health Quality Council for the effectiveness of this program. A strategic investment in its expansion would pay dividends for the clients we serve and for the province.

Likewise, strategic investments in addressing hearing health issues in seniors can prevent costly misdiagnoses, support self-care and allow seniors to stay safely in their homes instead of in costly care facilities. Aging is the number one cause of hearing loss, and 40% of people over age 65 have hearing loss. With the aging population, it's the fastest-growing disability in Canada.

Untreated hearing loss can not only lead to isolation and depression, but compromise informed consent and the ability to interact with health and community services, and reduce the capacity for self-care. Seniors' safety in their homes can also be severely compromised if they cannot hear the phone, the doorbell or the smoke alarm.

The speech from the throne stated that the government "believes we need to do more to help seniors ... stay in their ... homes," and the aging at home strategies are being implemented through the local health integration networks.

The Canadian Hearing Society has a hearing care counselling service, which provides outreach to seniors with hearing loss and their caregivers, to ensure that they remain living in their homes safely while staying connected and participating in their community. That service has received some funding increases through some LHINs. However, other LHINs have not provided expansion funding for the program, and for fiscal 2010 and 2011, no LHINs are contemplating increases as part of the regular submission process. Because costs are increasing and the demand for service is expanding with the aging population, this means there will be a reduction in that service. We believe that such a reduction would be a false economy, and that a strategic investment in this service would be one that pays dividends.

Mr. Gary Malkowski (Interpretation): In closing, the Canadian Hearing Society has a unique ability to partner with the government of Ontario to address the challenges of the deaf, deafened and hard of hearing communities to respond to economic uncertainty and deliver on government priorities, including poverty reduction, mental health and aging at home, with programs such as employment services, mental health counselling and hearing care counselling.

Thank you again for the opportunity to present our recommendations to you as you plan for the next fiscal year in what we recognize are challenging times.

The Chair (Mr. Pat Hoy): Thank you for the submission. The questioning will go to the official opposition. Mr. Hudak.

Mr. Tim Hudak: Thank you, Chair, and Ms. Duffin and Mr. Malkowski. Good to see you both here again. Thanks for the presentation.

I have a couple of questions. There are 27 offices across the province of Ontario. Are they all staffed, open five days a week?

Ms. Kelly Duffin: Yes, they are.

Mr. Tim Hudak: Perfect. You mentioned that you are concerned that the employment service delivery through your main office and your regional offices may not go beyond 2010. When do you anticipate that the Ministry of Training, Colleges and Universities would tell you what their plans are beyond 2010?

Mr. Gary Malkowski (Interpretation): We expect to have that response in January. They're doing their capacity survey at this point, and we have shared with them the availability of the services we have across the province. I understand they will be making that decision and will be announcing it in January.

Mr. Tim Hudak: Okay.

Ms. Kelly Duffin: I would just add that that would be the first response. There will be some other decisions that they make through the early spring.

Mr. Tim Hudak: Okay. And that's sort of your base funding that you've received from the ministry; it's not for any additional programming?

Mr. Gary Malkowski (Interpretation): Yes. We have two different programs. One is funded through Employment Ontario and the second is funded through the Ontario disability support program's employment area. Those two different programs are supported in those ways. Our concern is solely with Employment Ontario because at this point it's unpredictable. We're waiting till January to have that information, but I understand they have a series of announcements that will be coming down.

Mr. Tim Hudak: On page 3, you mentioned there has been a 14% increase in deaf and hard of hearing people on income support in the last two years alone, which is a significant increase. What does that stem from? Is it aging? Is there some cause for this, and does that then motivate to be an increase in your base funding?

Mr. Gary Malkowski (Interpretation): According to the ODSP statistics, the ages are anywhere from 18 to 64, and they're noticing that the numbers are rising quickly. We're looking at individuals who are graduating from high school. Specifically, there's a significant increase in those individuals. When you look at the year 2005-06 to 2008, the numbers have substantially increased over the past two years, and the number of individuals who are receiving employment support is lessening.

Mr. Tim Hudak: A significant portion of the paper is dedicated to mental health and addiction issues. You make an important point about making sure the services are appropriate for people who are deaf or hard of hearing and suffer from mental health or addiction problems.

Help me understand the population: How many people, roughly, would we be speaking about, and do they access your centres across Ontario?

Ms. Kelly Duffin: Minimally, the estimate is that 10% of the population suffers from hearing loss, and I just talked about seniors being disproportionately represented, but if we just take an average across all ages, let's say 10%. The estimates are that in the general population 20% to 25% will have a mental health issue at some point in their lives, so you could extrapolate from that that about 25% of that 10% would be facing significant mental health issues that would have them seek assistance at some point in their lives.

Mr. Gary Malkowski (Interpretation): If I could just add to that as well, once people experience hearing loss as they become older, it's quite an emotional impact on their lives. They become withdrawn, therefore becoming isolated, and that number, I would suggest, is much higher than 25% in that population. I'd suggest even double, because they need to have the information that's required so that they understand how to cope with their hearing loss and have that support in place.

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

CANADIAN ASSOCIATION OF ACCREDITED MORTGAGE PROFESSIONALS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Association of Accredited Mortgage Professionals to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would just ask you to identify yourself for our recording Hansard.

Mr. Jim Murphy: Good morning, Mr. Chair. My name is Jim Murphy. I'm the president and CEO of the Canadian Association of Accredited Mortgage Professionals, or CAAMP, as we affectionately refer to it.

CAAMP is Canada's national mortgage association. We have over 12,000 members in all 10 provinces—actually in two of the three territories also—including nearly 7,000 members here in Ontario. Our members represent all facets of the mortgage industry, including lenders such as banks and credit unions, mortgage insurers, title insurers, as well as mortgage brokers and agents.

Our most recent research report, a copy of which you have as part of the handout, on the state of the residential mortgage market in Canada noted that there was \$880 billion in outstanding mortgage credit in Canada at the end of August 2008. Over 40% of this outstanding mortgage credit amount is here in Ontario. The report provides an overview and information on the trends in the residential mortgage market. We produce two reports a year in terms of standards and statistics, and trends within the marketplace.

Also included in your packages is a recent report that our chief economist produced for our members in October, entitled Risks are Contained Within the Canadian Mortgage Market. I believe it's about a four-page report which reviews differences between the Canadian and US mortgage markets. For example, Canadians have

much more equity in their homes, upwards of 70%, than do their US counterparts.

0820

I suppose, for the rest of this presentation I could talk about the differences between the US and Canadian mortgage markets, the different types of products, how mortgages are financed, as well as underwriting guidelines. Clearly, the Canadian marketplace and the Canadian financial market have been impacted by the credit crisis, and it's something that obviously the government of Ontario is having to face as part of its upcoming budget.

I'd like to speak to three issues this morning. One is legislative and two are tax-related.

First, the Ontario Mortgage Brokerages, Lenders and Administrators Act is now law. The last series of regulations dealing with issues under the legislation on disclosure, public relations and suitability come into force on January 1, 2009. This legislation, which was introduced a couple of years ago now, affects the mortgage brokerage channel here in Ontario, which accounts for over 30% of all mortgage transactions. It also includes rules governing the administration of mortgages in Ontario. It is a good piece of legislation that raises the bar in professionalism and reflects the changes and the growth within the industry over the last 10 to 20 years.

One comment I would make is that, as you know, once legislation is passed, it must be implemented. That is done by our regulator, which is FSCO, the Financial Services Commission of Ontario, which has worked with the industry on many details of the legislation and implementation of the regulations. However, regulators in many circumstances only respond to complaints or undertake annual audits on a certain percentage of licensees to ensure that they are in fact in compliance.

Governments of whatever political stripe pass legislation for a reason, partly, in our case, to enhance consumer protection. Government must ensure that regulators enforce the rules that have been passed into law and, I would argue, especially at the beginning of a new legislative framework that we have for the brokerage channel in the province. For example, we encouraged the government and the regulator to undertake an audit to ensure compliance by brokerage firms in the province with new mandatory errors and omissions insurance coverage provisions. The regulator did this but the result was not entirely satisfactory and, as such, the regulator is now following up with much stronger enforcement actions, which we support, to ensure compliance with the legislation. The issue is to ensure that such actions do not have to be suggested but, rather, constitute a part of the overall regulator's responsibility.

I just want to turn my attention to two tax matters. The first is the provincial capital tax.

In terms of tax policy, CAAMP wishes to express its strong support for the elimination of the capital tax. This is, we believe, a terrible tax which has no connection to the profitability of businesses. It also places a large burden on the financial services sector in this province, particularly here in the city of Toronto, which is an

important generator of employment and income and is, indeed, a key economic driver in the province overall. The government has made some headway and progress on this file, but should strictly adhere to the 2010 deadline included in its election platform of a year ago for the elimination of the capital tax. This is a positive news story for investment in the province which must not be delayed. As you know, several other provinces and the federal government have already eliminated their capital taxes, so businesses here in the province of Ontario are forced to pay higher costs as a result.

I want to talk about the land transfer tax also, which I spoke to last year when I was before this committee.

This tax acts to discourage, we believe, home ownership, especially for first-time buyers. The previous provincial government brought in a rebate for first-time buyers of newly constructed homes, and the current provincial government extended that last fall—again, this was part of the government's platform—to all first-time buyers, a move we welcome and strongly support.

The rebate limit of \$2,000, which works out to a home or condominium roughly priced at \$227,500, however, has not been adjusted since 1999, or for 10 years. While prices are clearly levelling off across the province in different regional real estate markets, they are still nowhere near where prices were nearly 10 years ago.

The provincial rebate is much less generous, even, than the city of Toronto's own land transfer tax rebate, which maxes out at \$3,725, and the rebate provided by the province of British Columbia from its property transfer tax, which is similar to the land transfer tax here in Ontario, for first-time buyers. In BC, that covers homes priced up to \$375,000. I should just note that several provinces do not even have a land transfer tax, Alberta and Saskatchewan among them. We would encourage the province to, as a minimum, index the threshold for the rebate for first-time buyers to reflect price changes since 1999.

The second part of the land transfer tax that I wanted to comment on, and it's something that's not raised, is actually the thresholds for the formula in terms of how the land transfer tax is determined. Ontario has a graduated schedule for determining the tax that someone pays when buying a home or a condominium, where half of 1% is paid on the first \$55,000 of the purchase price, 1% on the amount from \$55,000 up to \$250,000, 1.5% on the amount from \$250,000 to \$400,000, and a full 2% on the amount above \$400,000. This schedule has not changed for well over 15 years. As a result, the province has gained more and more land transfer tax revenue, indeed, taking in in excess of \$1 billion in the last year alone. Obviously, this amount will decline as part of the slowdown of the economy overall, but we would argue that it's probably the best time, then, to adjust those thresholds again to reflect economic circumstances.

I want to thank you, Mr. Chairman and members of the committee, for your time this morning, and I'd be pleased to answer any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Prue of the NDP.

Mr. Michael Prue: My questions will be about the land transfer tax. As you correctly point out in the last line, the province of Ontario is gaining about \$1 billion a year off the land transfer tax. If we are to reduce that tax, and we take in less money, where do you propose that the government should make up the shortfall? Increasing income taxes is one obvious way, but what else?

Mr. Jim Murphy: I guess I would come at it a little differently, which is to try to encourage economic activity, in that people, especially first-time buyers, when they purchase either a condominium or a home, and I'll just focus on first-time buyers—there are usually many other costs that they have when they're doing closing. Above that, I think they would probably spend a lot of the money they would be spending on land transfer tax—indeed, which they would continue to spend on land transfer tax under any formula—for other purchases, whether it be furniture, appliances or landscaping around the house—other investments that we would argue would go back into the economy, that would generate employment and support manufacturers and retailers in the province.

At closing, there's a very large cost for average homes for people. It averages into the thousands of dollars even up to \$10,000. That's a lot of money, particularly for first-time buyers. A lot of them don't know how much they have to pay and they're surprised, when they come to closing after they've made a purchase of a property, at how much it is. So I would argue that you're putting more money back into the hands of those who are purchasing the condominium or home and that they would probably not save that amount; they would probably spend that amount because they're moving into a new property.

Mr. Michael Prue: But still, there's a revenue shortfall to the government. How does the government make that up, other than stimulating the economy, which you acknowledged on the first statement is not in the best condition at this moment?

Mr. Jim Murphy: So that's why we would encourage putting more money back into people. I think there's this debate going on it terms of doing that. I think there needs to be a stimulus, there needs to be consumer confidence. This would be, we think, a good way of doing that.

Mr. Michael Prue: Thank you very much, Mr. Chair.

The Chair (Mr. Pat Hoy): We thank you for your submission.

Mr. Tim Hudak: Chair, I'm going to table a couple of questions through you to research, based on Mr. Murphy's presentation, specifically on land transfer tax. I'll write this out, but I'd like to know what the revenue has been to the province, following Mr. Prue's questions, from fiscal 1994-95 till today, and then forecast out two years. Secondly, if the province were to follow Mr. Murphy's recommendations on indexing, the rebate limit and the brackets, where would we stand today if that had been done since 1999?

I'll formalize that, but I wanted to put that on the record, Chair, and thank Mr. Murphy for his outstanding work, as always—and the good people of CAAMP.

ONTARIO CAMPAIGN 2000

The Chair (Mr. Pat Hoy): I now call on Ontario Campaign 2000 to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and I would just ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Jacquie Maund: Good morning, everyone. My name is Jacquie Maund and I'm the coordinator of Ontario Campaign 2000. I'm pleased to be here this morning.

0830

Ms. Stacey Bowen: Hi. My name is Stacey Bowen. I am on social assistance and I'm a mother of two teenaged daughters.

Ms. Jacquie Maund: We'd like to begin this morning by saying that we know that last year the Ontario government committed to make poverty reduction a priority in its renewed mandate. Campaign 2000 applauds the government for the steps that have been taken so far in its work to setting a framework for a multi-year poverty reduction strategy, something that Campaign 2000 has called for for a number of years now.

The latest Statistics Canada data are from the year 2006, and show that almost one in every nine children in Ontario is living in poverty. That's 324,000 children, a poverty rate of 11.8% during a period of very strong economic growth.

Almost half of all poor children—45%—are living in families where at least one parent is working full-time, full year. So they're in the workforce but not able to earn enough to lift their families out of poverty.

We're concerned that the current economic downturn will mean an increase in the number of children and families living in poverty. So we appreciate Finance Minister Duncan's comments in October to the Canadian Club, when he said, "We can no more abandon our efforts to reduce poverty than we should abandon working with our businesses to increase productivity.... We have to recognize that investments in income and employment will help build confidence and see us through these challenging times."

We'd like to follow up on those comments and make some recommendations—specifically that Ontario should make a down payment on a poverty reduction strategy in the 2009 budget. These are the types of investments in income and employment that Campaign 2000 would like to see in that budget.

Ms. Stacey Bowen: Increase incomes and support low-income families. Increase the minimum wage to \$10 an hour now, please, and index it. Did you know that full-time work at minimum wage now leaves a single person \$5,000 below the poverty line?

For people not able to be in the workforce at this time and relying on social assistance, raise the rates to ensure adequate income and permanently index them to inflation so that they keep pace with the rising cost of living, which is just not happening at these times. Did you know

that a single mother with one child on assistance lives \$5,000 below the poverty line?

We also would like to see the system of social assistance transformed so that it supports people to move out of poverty.

We need to increase the Ontario child benefit to the maximum monthly level of \$92 per child right now. Don't wait until 2011. This will help all low-income families better cope with the rising cost of raising children. If you have children, you know how hard it can be sometimes.

Please start serious negotiations with the federal government to improve access to employment insurance and increase benefit levels. Did you know that only 29% of unemployed people in Ontario currently receive EI?

The benefits of these measures will be increased consumer spending, which will help stimulate the economy; putting money in the pockets of low-income people who spend locally; and preventing more people from going on the assistance rolls.

You may hear about the statistics of poverty and you may hear about the percentage, but I am the real deal of poverty. I am the face. Thank you.

Ms. Jacquie Maund: We're also calling for investment in employment, housing and child care. Specifically, invest in building affordable housing, which will both create jobs and provide needed affordable housing. That need is urgent, with 124,000 households on the wait-list for affordable housing—a wait-list that can be at least 10 years.

We're calling for an investment in upgrading and retrofitting existing social housing. Public housing across this province is in disrepair, and it's estimated that it needs \$1.5 billion in upgrades.

We're calling for new dollars in the provincial budget to fund and expand early learning and child care. Tens of thousands of children are on the wait-lists for child care, and parents need access to affordable child care in order to get jobs or the training that they need to get good jobs. These measures would be countercyclical investments to maintain and create jobs, while providing affordable housing and child care that families need.

We're also calling for investment in education and training, specifically freezing university tuition and increasing needs-based grants so that people like Stacey can get access to the training they need for a good job. We're calling for quality training programs to support the move from welfare to work, from layoff to work, and a better-skilled workforce for the future.

To conclude: A study released last month by a number of noteworthy economists entitled the Cost of Poverty shows that poverty is costing this province \$10 billion to \$13 billion a year.

Investing in poverty reduction now represents smart government spending. It represents investments in healthier and stronger communities and a skilled workforce for the future. There's growing consensus from economists across this country that economic stimulus through deficit budgeting is what governments are supposed to do when the economy is sliding into recession. There's

strong public support for government action on poverty reduction. An Environics poll from September and October shows that 81% of all Ontarians support strong government action to assist and support low-income people, particularly during a recession.

As a member of the 25 in 5 Network for Poverty Reduction, Campaign 2000 calls for a significant investment of new dollars in the spring budget to shore up and implement the government's poverty reduction strategy. Thank you.

The Chair (Mr. Pat Hoy): And thank you. This round of questioning goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Jacquie and Stacey, thank you both for being here early this morning and for your presentation, both from a structural organizational standpoint and, as you said, the face of poverty in many ways in this province. It's a great pleasure to have you both here this morning, and it's probably timely with the release of the poverty reduction strategy about to happen. It's a great opportunity to have you before us this morning.

We're all anxious to see what the Honourable Deb Matthews, through her work in consultation across the province, has been able to put together to see what the game plan is in essence. I'm confident that in our budget deliberations and in the minister's preparation of the budget certainly he'll be taking that message into account in substantive ways. I know the Premier has spoken very strongly to the need to keep our eye on the ball, so to speak, in regard to poverty reduction. In spite of the economic climate, it's not something that we can ignore in any way whatsoever. So I'm very anxious to see what we're going to hear from the minister and then subsequently how we're going to roll that out.

As you're aware, we have made some investments even as recently as this past budget, although it takes time to roll those out, on poverty matters, everything from dental care to nutrition programs, as examples.

I'd like to focus, if I could just for a minute, if you would, for me—there are a number of recommendations that you have here. For some of them we have strategies in place for incremental increases to the minimum wage that will roll into play again—I'm not certain whether it's February or March, but early next year—for another increment and then a third increment within our current plan.

One of the bullets says, "We also want to see the system of social assistance transformed so that it supports people to move out of poverty." Can you just take a minute or so, in addition to or within the context of this presentation, to highlight which were the key issues that you would see as important to achieve that particular goal in those transformations to help people move from social assistance and out of poverty? Certainly you reference issues around education as one of those, I think, but I'd really like to hear what you think are the key elements to be able to achieve that goal.

Ms. Stacey Bowen: If I may, I could speak to education. At the present time I would like to go back to

George Brown College and take the assaulted women and youth advocate program. The problem is that right now I'm on subsidy, and the program I want to take is a full-time, two-year course. If I do go back to school full-time, I have to take out an Ontario student loan, which is a lot of money, and it would jeopardize my subsidy. Also, I would have quite an amount of money to pay back at the end of the time.

So what's going to happen now is that I'm going to have to take the course part-time because I don't have the funds to do it any other way. What I'm going to do is, I'm going to have to use my social security money, which is quite low at the time, and budget that. If one course is \$145, I'm going to have to take \$145 out of my cheque. They'll probably give me three courses per semester at maybe \$100 and something each. So I'm going to have to take that money somehow out of my cheque and put it aside so I can pay per course because this is what I want to do, and that is going to put us farther, deeper down in the poverty line, because I do have two teenaged daughters who are in high school and are trying to get ahead.

0840

The other thing I just want to say: Education is very important. I teach my children to go to school every day. My oldest daughter's in grade 11; she's going to go into grade 12. But what happens then? As far as going to college and university, it's going to be the same cycle. Why should she go all this way to school and then have to be stuck at the end? She says, "Mommy, how are we going to do this?" and I said, "Well, we'll just come to that when we can."

So, thanks.

Ms. Jacquie Maund: What we're calling for is transforming the system of Ontario Works so that it doesn't provide these punitive and restrictive rules—we can give more examples of those separately—but actually supports people to move out of poverty through needs-based grants for higher education, for access to training that can get someone a good job, not just a minimum-wage job, because you can't lift a family out of poverty on minimum wage. So it's transforming the system to support people. Most jurisdictions have done this. Ontario's one of the last that has this very punitive system that traps people in poverty through rules and regulations that make it extremely hard to escape.

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

Mr. Wayne Arthurs: Thank you for your presentation.

COMMUNICATIONS, ENERGY
AND PAPERWORKERS UNION
OF CANADA, ONTARIO REGION

The Chair (Mr. Pat Hoy): I'd ask the Communications, Energy and Paperworkers Union of Canada, Ontario region, to come forward please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask

you to identify yourselves for the purposes of our recording Hansard.

Mr. Bob Huget: Good morning, Mr. Chairman, members of the committee. My name is Bob Huget. I'm the regional vice-president in Ontario for the Communications, Energy and Paperworkers Union of Canada. Presenting with me is Ms. Josephine Petcher, who is a national representative with the same organization.

I would like to thank the committee for the opportunity to appear before you today. The Communications, Energy and Paperworkers Union of Canada, or CEP as it's known, represents around 145,000 members in diverse job sectors across Canada. Almost 50,000 of our members live and pay taxes right here in Ontario. We are the largest union in forestry, energy, communications and media.

Ontario has lost hundreds of thousands of manufacturing and forestry jobs over the past four years and our members have felt that pain. Many of these jobs were permanent positions with decent pay and benefits that supported families and provided a future for their children. These jobs provided a tax base that paid for public services such as health, education and infrastructure. They support consumer jobs. Employed workers make our economy and our communities strong.

Now hundreds of thousands of these jobs have vanished, with little hope for replacement. Pension plans turn out to be underfunded. Workers may find they have no right to severance pay and they're left scrambling to pay the rent or the mortgage. The human cost of layoffs is that people fall into poverty, they lose their homes, there is family breakdown and there are even suicides.

The Premier has said that workers in these sectors can relocate and transition to the "new economy." We're still waiting for this new economy and for all those new jobs, but frankly, we haven't seen them yet. We do not believe that an economy that doesn't produce anything can be successful, and we wonder what services such an economy that doesn't produce anything would require.

The CEP has some suggestions for this committee on what the government can do to help workers and the economy in Ontario right now. A corporate tax break isn't much help to a company that doesn't have a lot of income to report and is considering layoffs. We need measures targeted to the specific needs of those industry sectors in distress. The government needs to create a jobs protection commission to help keep jobs in Ontario in the short term and in the long term.

A jobs protection commission should have the ability to bring all the stakeholders to the table—labour, industry, all levels of government, environmental and First Nations groups, and the financial community—when there is a risk of a plant closing or downsizing. The commission should investigate the situation and ensure that every opportunity has been explored to determine if there can be a future for the business and how to help it happen. If a plant isn't viable, the commission can assist in obtaining retraining opportunities, job matching and other transition measures.

The federal government transfers money to the provinces to help vulnerable communities, and for transition programs for laid-off workers. The BC provincial government has convened a committee of union and industry representatives to make recommendations on how these federal funds can best be utilized, and Ontario should follow their example.

The commission should also have a mandate to promote longer-term job creation in Ontario. Stakeholders in distressed sectors such as manufacturing, forestry, and auto can be brought together to develop strategies for creating new products which are going to be around for the next 20 to 40 years, and give Ontario the longer-lasting green jobs that we need.

Such a commission could make recommendations on how machinery and worker skills can be updated or plants retrofitted so that these industries are more environmentally sustainable and have lower energy costs.

By working on these strategies proactively, we can have a 21st-century industrial base in Ontario, instead of a province at risk of turning into a rust belt.

The commission can look at investment incentives to attract business to Ontario, but these incentives must be absolutely conditional on job retention or creation. Any incentives provided by the public must have strings attached.

In the forestry sector, the CEP and the United Steelworkers formed a task force last year to study and make recommendations on how to improve the state of the forestry industry in northern Ontario. I have attached for the committee's consideration A Solutions Agenda for Northern Ontario's Forest Sector, which contains recommendations from that task force on resource-dependent communities.

There is one overriding reason we hear time and time again from companies about why they are shutting down, and it is high energy costs. Premier McGuinty appointed the forest sector competitiveness council a few years ago to issue a report on the forestry sector, and the report identified high energy costs as the biggest reason for the crisis.

Ontario used to be one of the most competitive jurisdictions in the world on energy, and this helped us develop strong manufacturing, forestry, auto and steel sectors. The costs around operating Ontario's electricity agencies have now increased more than 50% since hydro deregulation by the Harris government.

We're not just losing jobs because our products aren't wanted, by the way. These jobs are shipped across the border to the States, and the products are now being made there and sold right back to us.

If we want to keep and attract investment in Ontario, we need a competitive industrial hydro rate. The CEP has two recommendations for making energy costs less burdensome for businesses in Ontario.

First, a regional power authority for northwestern Ontario: It makes no sense to have an electricity pricing mechanism based on the idea that supply and demand set prices when we have almost 1,000 megawatts of excess

electricity stranded west of Wawa due to infrastructure restrictions. The CEP recommends that the government set up a regional power authority for the north to set rates and develop generating capacity specific to the needs of the north.

To help the rest of our industry sectors, the CEP recommends that an industrial hydro rate be set from between \$45 and \$55 a megawatt hour.

The pension benefits guarantee fund is grossly underfunded. The maximum monthly benefit that is covered by the PBGF should be increased to \$2,500 per month, indexed to increases in average wages in Ontario. PBGF premiums should be restored, with no special limits for large corporations. Funding rules should be changed to require employers, large or small, to fund all benefits that will be payable on a plan wind-up.

0850

Currently, employers are not required to have a pension plan. In fact, one of the original objectives of the Pension Commission of Ontario was to encourage pension plan coverage in Ontario. That has been eliminated from the mandate of the Financial Services Commission of Ontario, and it should be restored.

Another key issue that should be addressed is enhanced monitoring by FSCO. The supervisory powers of FSCO were greatly reduced under the Harris Conservatives. The employer is now the one responsible, for the most part, for ensuring that they comply with the legislation. This is akin to having the fox guard the chicken coop. The CEP feels that FSCO's resource allocation for monitoring pension plans should be increased and they should return to reviewing all of the documents filed with them.

CEP is in favour of mandatory inflation protection. The problem is that indexing costs a lot of money and no compromise we can come up with seems weak enough to appease employers. The CEP feels that pensions, both deferred and in payment status, should be indexed to the CPI.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Bob Huget: Oh, I'm going to be a little bit over.

Changes to labour legislation: There are measures the government can take to help workers in our slowing economy without spending a cent. The Employment Standards Act needs amendment. There are thousands of Ontario workers losing their jobs across the province and, frankly, many of them do not qualify for severance.

As well, access to unionization: With decent jobs disappearing and poverty rising in Ontario, employees need trade unions more than ever. We can help that situation by bringing back card check certification for all of the workers in this province.

Public safety is an important issue. The CEP believes that the TSSA should be made a fully accountable government agency. CEP represents over 5,000 members whose work falls under the TSSA. The recent disastrous explosion at the Sunrise Propane facility in Toronto is a tragic demonstration of the government trend toward

greater industry self-regulation in the areas of public health and safety. It is time to bring protection of public health and safety back into public hands.

In conclusion, the CEP has requested time and time again that Premier McGuinty convene a Premier's council of labour leaders, industry representative and senior government ministers to work toward job retention and creation in the province. We reiterate our request so that we can find solutions to the job loss crisis which is happening in almost every community in Ontario. Ontario workers and their families deserve nothing less. Thank you, Mr. Chairman.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Barrett.

Mr. Toby Barrett: Thank you, Bob, for that presentation on behalf of the Communications, Energy and Paperworkers. Mr. Hudak has a question as well.

Just scanning your forest sector report, this committee several winters ago—normally we meet in February, the end of January—visited the Atikokan generating station. I know there have been several pilot burns of wood, the talk about potential rail haul down from Dryden. Nanticoke generating station has also done biomass burns, and one proposal is to access the St. Lawrence-Great Lakes area for wood for burning in replacement of coal. Have you people analyzed that at all? Does that make sense?

Mr. Bob Huget: First of all, there is a future for biomass generation in the province of Ontario. The question is the fuel source. We should not be using forest products, which could be used to make value-added products, to burn to generate power. The bigger problem here is that the length of delays and the hoops that companies have to go through to get any kind of approval for any of these projects would deter all but the bravest individuals. It is a situation that, frankly, hamstringing a lot of companies from making the kind of progress they could make on alternative energy sources and cogeneration. Frankly, the restrictions that are put into the negotiating process and planning process with OPG are burdensome, cumbersome, time-consuming and scare most people away from trying to do something. So there needs to be a really close look at how that operation works in terms of facilitating not only large but the smaller cogeneration and alternative energy sources in this province.

Mr. Toby Barrett: Thank you.

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

Mr. Tim Hudak: Thank you very much, Bob. I appreciate the presentation.

Pension protection: I wanted to come back to that. You made an important point, and certainly the news recently has talked about GM's unfunded liability that's upwards of \$4 billion to \$5 billion. They were given the too-big-to-fail exemption a number of years ago, which in hindsight has allowed them to proceed down this path. I know they're not your members, but do you have comments on that situation, and what other private company pension funds do you feel are also at risk?

Mr. Bob Huget: Maybe you folks follow the economy more than I do and may have more knowledge than

I do on that situation, but if you look at pension plans and their unfunded liabilities in today's reality, I don't believe that there is a pension plan in the province that isn't under significant pressures, that doesn't have the risk of not being able to live up to its responsibility under funding.

We have a pension benefits guarantee fund that provides a very minimal amount in the event that a pension plan can't. It's nowhere near adequate; it needs to be increased. We are finding more often than not, and I think we'll continue to find, that people who rely on benefits, who have paid into pension plans or had pension plans as part of their wage package, either deferred or otherwise, for 20 or 30 years, are going to find, first of all, that they don't have the benefit, or second, that because of financial circumstances of the plan itself, its benefits are reduced. So in my view, virtually every pension plan in this province is at risk of not living up to its obligations. It's certainly something that more and more people I speak with—not only my members, but the general public—are more and more worried about. They rely on a pension and they can no longer feel it's guaranteed to them.

The exemption era is over, as far as I'm concerned. Too many people now rely on a pension. They were guaranteed a pension and they've factored it into their wage packages. These are not gifts from someone; they are deferred wages that workers in good faith took into account in their total compensation package, and part of that was a decent pension. It's a big problem.

Mr. Tim Hudak: The Arthurs report came out roughly two weeks ago. It's pretty thick. I don't know if you or your members have had a chance to look through it yet, but if you have, is there anything that stands out there that you would like to underscore as important or recommendations that we should stay away from?

Mr. Bob Huget: I'm sorry, was it the Arthurs commission?

Mr. Tim Hudak: The Arthurs commission report, yes.

Mr. Bob Huget: We are in the process now of reviewing that, and it is pretty thick. We're going to do a thorough review, and I think once we've concluded that, we'll likely have something more to say along that line.

Mr. Tim Hudak: With respect to the hydro rates for northwestern Ontario, you made the point that a lot of energy is stranded there, so they should have a lower rate of electricity. You may know that I represent constituents in Niagara and in Hamilton, who then may say, "Well, we have the Falls and we therefore generate a lot of power for the province and should have a lower rate of electricity." How would you respond to that argument?

Mr. Bob Huget: The issue for the north: First of all, if you look at today's rate—and I know it's a complicated formula; it's not easy to figure out the rate sometimes—roughly, it's about \$70. For an industrial rate in the province, we're saying it should be \$45 to \$55. And the \$70 that's current is expected to go up. That's going to cause, and has caused, significant problems for people

who are high energy users, manufacturing goods and services in this province. So the rate is too high.

In northern Ontario, the situation is quite a bit different. They don't have the connection to the grid. They can't get into the grid to send it south. They are almost isolated up there with excess generating capacity that they can't do anything with. So our suggestion is, under that circumstance, because of its isolation, it's not the same as Niagara Falls. It's quite different; it's an isolated grid to itself. If you created a regional power authority there, let them figure out how to do their own generating capacity and let them set their own rates to recover the costs for that generating capacity, it would make sense. It would be that part of the province's solution to a problem of high energy costs.

0900

All of the industries up there are large users of energy. The problem is that they're paying supply-and-demand prices now and they have generating capacity that's virtually locked into that part of the province. It can't be put onto the grid.

Mr. Tim Hudak: Thank you.

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

Mr. Bob Huget: Thank you, sir.

ONTARIO COALITION FOR SOCIAL JUSTICE

The Chair (Mr. Pat Hoy): I now call on the Ontario Coalition for Social Justice to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and if you'd just identify yourself for our Hansard recording.

Mr. John Argue: Good morning. Thank you for welcoming the Ontario Coalition for Social Justice. My name is John Argue. I'm the coordinator of the coalition. Our coalition consists of approximately 300 groups in different locales from around the province, from Kenora to Cornwall and from Windsor to North Bay. We don't have an active group in Timmins yet, but that will be corrected soon because we do want to cover the north. The north is obviously important.

What I've done is relatively simple, in the sense of giving you a two-page summary of recommendations, which is the result of extensive conversation among coalition members in the last year or two. These recommendations were agreed upon actually in the spring, but they're relevant for the pre-budget hearings because of the huge investment that we believe is necessary and appropriate to deal with poverty.

Here I am speaking before you four hours before I hear what the government is going to be doing, so we're looking forward to that with eager anticipation. But at the same time, while looking forward to it, we really want to emphasize that members of the coalition believe very strongly that it's vital that the budget follow up the announcement made this afternoon with an investment to

carry out that poverty reduction plan, and maybe go beyond it, because I don't know what's in it, of course.

I gather, and many coalition members believe, that child poverty is really important, and the government's cabinet committee, in talking about the development of this poverty reduction strategy, has emphasized the importance of child poverty. We agree. However, I think we would also add, though, that children are a part of families. So dealing with the poverty of families, dealing with the inadequate income that too many adults don't have—Oh, that's bad grammar. People don't have enough money. There's a certain percentage of the population that exists in poverty, and obviously we want to deal with that.

One of the interesting things I did this summer was to attend five of the government's consultations on poverty reduction. One of the interesting locations to me was Owen Sound. Owen Sound was particularly interesting because of its rural setting; in addition to the city itself, many people participating in the poverty reduction meeting in Owen Sound the night that the government had—excuse me, it was the labour council and the United Way that combined to have this poverty reduction meeting and then forwarded the information to the government. But what was clear was rural participation, and the daunting prospects of people, families, who were isolated from the services that we just take for granted in Toronto. I only live a few blocks away, so I can hop on a streetcar or a subway so easily, but in Owen Sound—just for the interest, my own pleasure, I stayed in Wiarton overnight at a bed and breakfast. But talking to people in Wiarton, I realized there's no bus transportation between Wiarton and Owen Sound. That kind of situation exists at other meetings I attended. In the Northumberland area—Cobourg, Brighton, Bowmanville—a number of towns that are separated by 100 kilometres or so have people living there in small communities facing similar kinds of things.

Poverty is a problem. If people on ODSP need to get to the welfare office to discuss with their adviser the need for more diet money or whatever it be, they face the prospect of having to go 60 or 70 kilometres to the welfare office and maybe being cut off, for goodness's sake, if they don't make a particular meeting, Gee, what can they do? There's no bus. Are they going to take a taxi? Obviously, they can't afford that.

What came home, I guess, to me in Owen Sound, just as an example—but as I say, true elsewhere in Ontario too—is the comprehensive nature by which poverty has to be tackled. So we're emphasizing more money—and I'll finish off with that—for adults and families.

Affordable housing was something that was really talked about in Owen Sound and in other meetings that I attended. Housing is such a huge cost that we all have to deal with, of course. Transportation, as I was illustrating, is daunting for people in rural areas in particular, where people just can't get around easily.

Aboriginals are another particular population that I want to deal with. We had a meeting just last Saturday,

actually. The coalition has two meetings a year, and we invited the Ontario Federation of Indian Friendship Centres to discuss with us their efforts at education. The essence of their presentation was that it's daunting for the friendship centres to present education in a really useful way for the aboriginal kids to tackle the high dropout rate, the horrendous figures. It's just embarrassing, as a white Canadian growing up in this wonderful country and living in this province but realizing that our First Nations, with whom we share this province, have terrible poverty statistics. If there's a particular group to focus on, I really hope this poverty reduction strategy deals with aboriginals as well as other groups. It's a particular group that really needs attention, just because of the terrible figures of the difficulties that the populations there deal with.

Why don't I just centre on the one belief which came up again and again at our meeting last Saturday in particular. I've been directed to say to this standing committee that we do hope—and, as I say, we're looking forward to the government's elaboration of its poverty reduction strategy today, and we look forward to co-operating and working with the government in that respect—part of that or, if it's not mentioned in the strategy, the budget in the spring, in a few months, does address income needs of adults and families by increasing the minimum wage and social assistance more than has been announced. That may be difficult for the government. I know we're in economic crisis, economic difficulty, and this government has increased both minimum wage and social assistance over the last few years, but those people earning minimum wage and people on assistance need more money. They're below the poverty line, even with the increases. With the increase announced by 2010, people on assistance will still be below the poverty line.

"Dignity" was the word that came out and was repeated at a number of our meetings, both in the summer at the poverty reduction hearings, and then at our couple of meetings when discussing what we wanted to recommend to the government. So to a certain extent, the poverty reduction strategy is tackling the issue of simple dignity of people without enough money to participate in society and bring up their kids so that those kids can be part of society too.

We urge this committee to recommend to the government that the budget make more money available to the people most needy in this province.

The Chair (Mr. Pat Hoy): The questioning will go to Mr. Prue of the NDP.

Mr. Michael Prue: Thank you very much. You started off and correctly noted that today is the long-awaited poverty reduction strategy report unveiling. The report itself, I would suggest, won't do much unless the budget that follows it puts in the resources to carry out whatever those recommendations might be.

You have made a pretty compelling case for aboriginal Canadians. Is it your belief that First Nations should be included in the poverty reduction, or is this something, as many people have said, that is a federal responsibility?

Mr. John Argue: Oh, no. I agree with your first suggestion that aboriginals certainly should be included in the poverty reduction strategy—aboriginals and members of First Nations, distinguishing between the First Nations people who live in the cities and the people who are still in bands—I don't know what the correct word is—those who are living on their lands around the province.

Surely it's just crucial—given the shameful statistics in this prosperous country and province, that aboriginals endure the kind of poverty that they do—in any poverty reduction strategy, dealing with elementary human rights, that we have to deal with everybody, every person in this province. I centred on aboriginals purposely, just because of the shocking and particular statistics of how bad the aboriginals' encounter—they're striving to participate in this society.

0910

It's interesting, you know. Two year ago, I guess—our group doesn't have all that much money to travel—I was able to get to Kenora, Fort Frances and Thunder Bay. It was fascinating, in speaking with people in legal clinics and a couple of health centres there, how important aboriginal concerns are to them, obviously, because of the larger aboriginal population. They said, "In regard to our concerns, when we're talking about immigrants and refugees and the demographic changes that are so clear and obvious and that we have to deal with in Toronto, Kitchener, Ottawa and London—that kind of concern isn't as large in the north." It's aboriginals and aboriginal concerns for towns all through the north. So it's absolutely crucial that aboriginals and First Nations have to be part of the poverty reduction strategy, and immigrant groups and refugees in the south and all those other particular groups, and women, for goodness's sake—the majority of the population—still are earning less than men for doing the same kind of work, just to throw that in. That's a significant point.

Mr. Michael Prue: Yes. In terms of the First Nations community, Ontario is a signatory to Treaty 9, which is the largest land mass area in Ontario. It goes all the way from the Quebec border over to near Thunder Bay and all the way up to the James Bay and Hudson Bay areas. That's Treaty 9. We have never really honoured that treaty in 102 years—to build infrastructure and go into the north and into the communities. Should there be things in the budget that do that after 102 years?

Mr. John Argue: I would hope so. I really believe that's appropriate. I think Ontario, dare I say, is in an easier position. "Easy" is probably not the best word. I lived in BC for a while, and the daunting prospect there of dealing with aboriginal and First Nations concerns is that there are not even treaties. At least, though, we have a treaty. At least we have the indication here that the mainstream community or the majority community has a treaty with the aboriginals and is willing to help them and to negotiate a good life for us all. When aboriginals are helped and aboriginal communities are helped to lead better, more prosperous lives, which contribute to them-

selves and to the whole province, then we all benefit. I think the poverty reduction strategy must be comprehensive and deal universally with the entire population in this province.

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

Mr. John Argue: Well, thank you and best of luck. I hope you get your recommendations approved in the budget.

ONTARIO SECONDARY SCHOOL
TEACHERS' FEDERATION,
PROVINCIAL OFFICE

The Chair (Mr. Pat Hoy): Now I call on Ontario Secondary School Teachers' Federation, provincial office, to come forward. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Ken Coran: Thank you. Ken Coran, president of the Ontario Secondary School Teachers' Federation, and with me is Dale Leckie, who is our director of protective services.

There is no written submission available today. We will have one prepared for you by the January 16 deadline. I will introduce who we represent and, from there, introduce the topics and who we have spoken to to date. Then I'll turn it over to Dale to continue on with the actual contents of the document that will be coming in on January 16.

OSSTF is our acronym and we represent about 60,000 members across the province. Primarily, we're known for secondary school teachers in the public system. There are about 40,000 of those members. We also represent support staff members in the public elementary stream, in the Catholic stream, in the French public, French Catholic and also in the university sector. So we cover all gamuts of education from early childhood education right up to university.

There are six topics that will be covered today, and of those six, basically five have been presented in previous budget submissions. There is also the overlap when we present for the GSNs, the grants for student needs. So there is a bit of overlap between those two submissions.

The ones that we have previously presented are: school foundation grant funding for government initiatives; adult education; pay equity—which we've just heard in the previous submission; JK/SK; and early childhood education. So those five have been in previous submissions. They've also been presented to various ministries—finance, education and labour—but the one that Dale will start out with is one that was presented recently to the declining enrolment task force, which is obviously being chaired by Dave Levac and Eleanor Newman. It is entitled, basically, the school as the hub of the community. So Dale will start out with that aspect.

Mr. Dale Leckie: Thanks for this opportunity to present to you. I want to put it in context that we are looking at the economic realities out there and how the education system fits in, and the needs of the students and the staff.

The hub of the community is central to that and we see that, for the foreseeable future, the school is and will continue to be the hub of the community. The school is considered a safe, comfortable centre of activity, whether it's in a small community or in a neighbourhood of a large urban centre. Community planners use schools as central to the broader scope of their growth plans. They're designed for minimal travel times for most families to get to and they are, in most cases, the economic cornerstone to a community or a neighbourhood.

For property value purposes, you'll see in advertisements that proximity to a school is considered a great asset. Currently, it's considered a great asset for families that are moving into a neighbourhood that may have school-aged children. What we have to develop is that that school is considered a great asset for all members of the community, and that the utilization of that physical plant and its surrounding grounds is considered a great asset for all members of the community. I think the opportunity is there, and in this type of economic times the most efficient use of our existing resources is key.

We think that, over time, the participation of municipalities has to become more ingrained into supporting the education system and the physical plant of the school and the facility. Things like underwriting construction costs or maintenance and service costs, forgivable loans or partnership agreements with the municipality would ensure that that school stays in that community in an era of declining enrolment.

School boards will have to make tough decisions coming up as enrolment declines over this period, and if there is community and municipal support for maintaining that school in that neighbourhood or community, it will go far.

Other community ministries have services for the same age group of students that would fall into the school system. We think there needs to be more coordination through the school board and school system. The Ministry of Education goes to great lengths in order to establish criteria and data for the school-aged population, and that information can be used for other ministries to supply services to that school-aged population through the school system.

The use of the school facilities during non-instructional periods does continue to grow. There are more churches using the facilities on the weekend and other community use during the week, but we certainly see that the capacity is not reached so far and that there could be more use of the school in non-instructional time as enrolment declines, that the instructional need may be reduced, although the time frame shouldn't be, but the other community use certainly can grow.

In that vein, the school foundation grant established in the funding for education—by and large, a concern that

we see in this type of time is that the funding formula for education is largely enrolment-based. So school boards have to make tough decisions as enrolment declines because, I guess, the number of students to maintain a school is going under the critical mass needed. Therefore, the school boards have to support a larger physical plant with less funding due to enrolment costs.

0920

We see that if the school system is able to run smoothly in the foreseeable future, less funding has to be attached to enrolment and there has to be a guaranteed level of funding. If the school is going to remain open, then a guaranteed level of funding must be in place to provide the sufficient programs and scope of education for the system. If a tough decision is made to close a school, then all those criteria must be put in place, and certainly community involvement has to be part of the criteria in order to keep it open.

The incremental funding that goes to additional students in the schools is what keeps the broad program in place, including extracurricular programs. There is a significant amount of a student's environment that is in place in the school that is outside of the instructional day, and the amount of staff that can be in place in the school is essential to that type of program.

We have seen a large number of government initiatives that have come through in the last few years. Many of those did not have funding attached for the infrastructure and the staff in order to successfully implement some of those initiatives. I guess we're asking, in the foreseeable future, for planning to be done ahead of time. If an initiative is on the way, look at the infrastructure costs of that initiative. Look at the time it takes to successfully implement the initiative and the work to be done to put that initiative in place and prepare for that ahead of time.

Adult education is another major category we would like to address. We do know that Ontario Learns—Strengthening Our Adult Education System, a report produced by Kathleen Wynne, the Minister of Education, indicates that Ontario is committed to higher education achievement for Ontarians as well as lower unemployment, faster integration of new Canadians into the economy and having more children arrive at school ready to learn. We do feel—and there is much evidence—that a strong adult education system can help us achieve these economic and social goals. Other research has quoted: “Adult education and training can contribute directly to the goals of higher performance for underachieving students in the K to 12 system when the adults in their lives gain the language, literacy and numeracy skills that they need to effectively participate in their children's education.”

In 2008, there was significant job loss in the manufacturing sector, certainly, and many of these employees would benefit greatly from access to a broad adult education system through the existing school board facilities that we have in place. No need to reinvent the wheel: The physical plant is there; the availability of the curriculum

is there. If proper funding is provided, then these systems can move ahead.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Dale Leckie: Sure.

We think pay equity, as you heard in our last presentation, is essential. As OSSTF, we consider it accounts payable, not required new funding. There certainly either has to be the funding provided to the employers to ensure pay equity is in place or a system to establish a pay equity settlement in a sufficient time frame.

Lastly, junior/senior kindergarten, a key issue brought on by the government for early childhood education: We know that Dr. Pascal has recommended that the best way to implement this is co-operation between an early childhood educator and teachers working co-operatively in the system. OSSTF agrees that this format is the best way to both efficiently and economically provide the program. We look forward to that being implemented in the near future. Thank you.

The Chair (Mr. Pat Hoy): And if you provide your written submission, the clerk will ensure that all the members get a copy.

Mr. Dale Leckie: Thank you.

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

Mr. Wayne Arthurs: Dale and Ken, thank you both for being here this morning. Probably there are a number of us, if not around this table then certainly within the Legislature, who have a history with OSSTF. Quite frankly, it provided me with an opportunity, by that kind of experience, to launch myself into what turned out to be a career. It was intended to be some modest community service as a local councillor in a small town. Nonetheless, I thank OSSTF for that opportunity, in effect. It certainly has left me in good stead within my community.

I'm really interested, obviously, and remain so, in this morning's presentation around how we make use of our schools as community hubs. It's not a new theme but this time is as good as or better than any to continue that dialogue and to ramp it up to some extent. We've got a huge investment in the physical plant. It should be a place for collaboration between the school board, municipalities and the province, who all share in the decision-making on the funding model, not to exclude those who work in those buildings, both professionally and those who want to use them in the community.

Just on the adult education side, and maybe a few other comments: If you're in adult education, for those in my generation, the first thing that clicks into mind is night school. That's all changed, at least to the extent that it should have changed or should be changing. What are your thoughts on how we make use of the schools in today's economy, today's environment, the way communities have changed to use that infrastructure for adult education and get ourselves away from “It's night school,” it's kind of an afterthought to plug in when nothing else is going on? How better can we use that capacity on an extended time basis over the course of the day?

Mr. Ken Coran: Sure. The majority of courses right now would be focusing around English as a second language, kind of a continuing education situation. I think we have to focus on the skills that anyone who is displaced from a job, unfortunately, because of the economic crisis—we have to analyze what skills are required for that. As we've said in our presentation, all of that infrastructure is in place if it's manufacturing, if it's more computer skills etc. Everything is already there, so it's just a matter of coordinating various ministries so that kind of amalgamation can actually take place.

Mr. Dale Leckie: I'd like to add that we do have very successful models of integrating some day-school students, under-21 students, with adults in day-school classes. It works very successfully with some of our at-risk students. If they're in a room with adults who are there to learn and be retrained, it does create a positive learning environment for both groups.

Mr. Wayne Arthurs: As much as we can expand this dialogue, I'm all for it.

I think Ms. Pendergast may have a question as well, time permitting.

The Chair (Mr. Pat Hoy): Ms. Pendergast, we have about a minute and a half.

Ms. Leeanna Pendergast: Thank you, gentlemen, for your presentation. It's a pleasure as a teacher and an educator of 21 years to hear OSSTF come from the perspective that you're coming from today. I'm thrilled to hear you talk about schools as community hubs. The first publication I ever wrote was called *Schools Are Where The Kids Are!* That's where the kids come every day: So what can we do to pool our resources? In times of fiscal restraint right now, the idea of partnerships—that being part of this government's five-point economic plan to build these partnerships.

As you know, we as a government have already done great things in schools. We've put more adults in schools, more staff. I have the privilege of sitting on the safe schools action team, so we continue to look at how to make our schools safer; a student nutrition program.

But at the end of the day, we do talk about those instructional hours, as you know. So my question is one that I've struggled with for 22 years as an educator. How do we build those partnerships in the community? I'd be fascinated to hear where OSSTF stands on this, given that you know the parameters of the collective agreements, you know the parameters of the school day. How do we reach out and collaborate and continue to build those partnerships in what you call the guaranteed level of funding so it's systemic, it's sustainable? What would you recommend?

Mr. Ken Coran: The first thing I think the government did, and did very wisely, was establish that declining enrolment task force. As part of the dialogue that we had in those round table discussions, we offered our services to help in whatever way we could. At one point we talked about almost a separate ministry that would then talk to the other ministries to kind of bring it all together, involving the unions, especially, as to how best

to achieve that so there's no cross—I won't say interference, but certainly making sure that all the boundaries are known.

Our belief is that the school system has it all, so it should all be filtered into the school system and then branch out from that. Ministries such as the Ministry of Health and the Ministry of Community and Social Services can be very easily coordinated through that central body if a new body was created and those services provided in the school system with, obviously, the involvement of the unions to make sure that there was no in-fighting and that everything went smoothly. It's a complicated process. The more people you involve in any setting, the more complicated things get. So we would like to really sit and plan it strategically so that it does work and it doesn't fail at the beginning.

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

0930

COUNCIL OF ACADEMIC HOSPITALS OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Council of Academic Hospitals of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I just ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Murray Martin: My name is Murray Martin. I'm the president and chief executive officer of Hamilton Health Sciences. With me is Mary Catherine Lindberg, who is the executive director of our council. The Council of Academic Hospitals of Ontario, CAHO, represents Ontario's 25 academic hospitals.

Academic hospitals have a complex role in our health care system, and it is not always well understood. Like other hospitals, we provide a full range of patient care to our communities, but we are also where the sickest patients come to be treated. Patients from across the province are treated in academic hospitals when they require access to the specialized and complex care that only we are able to provide.

Academic hospitals also have a mandate to teach. We train 20,000 students annually, including physicians, nurses, health care professionals and graduate students. We train 90% of all medical residents and 99% of all clinical fellows in the province. We conduct research and pursue innovation in health care; 80% of Ontario's health research takes place in our hospitals. Universities and the private sector together account for the remaining 20%.

An academic health centre is often described as a three-legged stool: clinical care, teaching and research. All are needed to keep the stool standing. They are absolutely reliant on each other. Those who work in the academic hospital environment, from internationally recognized physicians to specialized nurses to dedicated staff, do so by choice. They choose to work in a vital and vibrant environment that is focused on excellence and innovation.

Today we would like to focus our comments on the research leg of our academic health science centre stool. Why? Because health research is crucial to a knowledge economy, and as you all know, a strong knowledge economy is key to our province's future.

Let me repeat something I just said: Ontario's academic hospitals and the health research institutes we encompass are responsible for 80% of all of the province's research. That means we alone generate over \$850 million of research activity annually. Today, our province is the fourth-largest biomedical research jurisdiction in North America. Our own base of 10,000 researchers generates an enormous spin-off economy of new jobs and commercial opportunities. These knowledge jobs are what the province of Ontario needs to create the future for our province.

Self-sustaining momentum in the area of health innovation is achievable. Two very important levers for success are easily within reach, and they are what we would like to focus on today.

The first is the creation of an arm's-length government agency to drive the health research agenda in Ontario. This agency would bring government, researchers, academic hospitals, the private sector, universities and the public together to ensure the best health research is translated into the best health care delivery and, at the same time, fosters growth of our knowledge-based economy. Ontario lags behind most other Canadian provinces and other jurisdictions in this regard. Since launching its health research foundation in 2001, British Columbia's share of national research awards has grown from less than 9% to more than 12%. Ontario, by comparison, has been seeing a downward trend in terms of its share of national research funds.

Second, we need to support health researchers to come to Ontario, to stay and to be successful. In terms of public funding support for health researchers, again Ontario lags behind the pack. Successful innovation is dependent on our ability to attract and develop the best researchers in the world. Ontario is not unique in its quest to attract the finest. Internationally, other jurisdictions have publicly funded recruitment and retention strategies. Closer to home, other Canadian provinces offer ongoing salary and training awards to health researchers. Alberta commits 70% of its annual research fund to salary and training support; BC allocates over 60% of its government research funds to researcher salaries and training; and Quebec, Nova Scotia and Manitoba make similar significant contributions. Here at home in Ontario, the government's contribution to health research support constitutes only 7% of its total investment in health research. Forty per cent of the researchers we've lost have gone to other provinces.

This gap may be the result of a misunderstanding. Health research does not pay for itself. For example, research grants do not cover researcher salaries and training. So, here in Ontario, our hospitals fund many of our researchers by providing stop-gap and one-time types of support, paid for largely through our own fundraising

efforts. When times are good, this is a barely adequate strategy; in times like these, it is unachievable.

Another misunderstanding may be that a promising new discovery emerging from a hospital is taken up by industry right away; unfortunately, such is seldom the case in our province. It falls to our research institutes and their teams to develop products further to move them forward to market. Of the 87 Canadian companies that have been recently identified as the spin-off of publicly funded health research in Canada, only 28 are in Ontario. Most Ontario innovations end up going south of the border, unfortunately.

Current funding mechanisms for our hospital-based researchers lack strategy and stability. The escalating costs of health delivery have placed increasing demands on hospital foundations for clinical infrastructure that force support away from researchers and training needs. The recent success of our provincial hospital-based research enterprises in the Canada Foundation for Innovation research hospital fund competition has further increased the pressure on hospital foundations. Ontario hospitals won \$315 million of an available \$426 million in awards. But this comes at a price, as hospital foundations are now responsible for raising, through charitable philanthropy, an additional 60% matching funds for these awards, as no funding support has come forward from our province.

We are driving enormously significant and exciting research here in Ontario. Ontario is playing a lead role in realizing the explosive potential of today's biomedical research. We should all be very proud of where we're at.

Our status in the world of health research helps us to attract the best and the brightest here. But we need to keep them here, and that requires stable support. We're asking to partner with the Ontario government, and the public in sending out a signal that Ontario is the place to be if you are a bright, young researcher. We require a collaborative and highly strategic health research agenda to support our enterprise, and we require support for the base of that enterprise: young researchers. In return, we promise you solid economic return on your shared investment. Thank you.

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

Mr. Toby Barrett: Thank you, Chair, and thank you for the presentation this morning. In referring to the 25 research and teaching hospitals, you make reference to 10,000 researchers. What would be the breakdown, as far as sources of income, like research grants? What percentage would—let's suppose that part of their project is a research grant. How many of these researchers have full-time jobs? Are some of these part-time? Are they also, say, teaching at U of T at the same time? How does this shake out? I assume it's not—

Mr. Murray Martin: Those are certainly all very good questions. A very large number of the 10,000 are, in fact, full-time positions. Many of the researchers are on university faculties and actually contribute very significantly to the universities on the educational side.

One fact to differentiate, though, is that in actual fact it's the principal researcher that we have trouble finding funding support for. If somebody is very successful in getting a major grant from CIHR—Canadian Institutes of Health Research—that will pay the salaries of their technicians and their lab support staff, but there is no funding support for their salary. So it is our foundations that we rely on for our 100% researchers to provide the funding support.

0940

In Toronto, you would be very familiar with the foundation activities, for example, at Princess Margaret, their very large lottery. People wonder. They're very successful in raising some \$15 million a year through their lottery; that money goes to support these core researchers. Our challenge is that in tough times, again, philanthropy is going to be down. We do know our foundations are not going to be anywhere near as successful in the next three, four or five years as they have been in the past. As I said, where that money just barely allowed us to support these researchers, we're not going to have that money in the future. We rely very heavily on endowments and investment income. That is going to be down as well. So we're very worried about where the support is going to come from.

Mr. Toby Barrett: You make reference to the BC Health Research Foundation. You call for the creation of an arm's-length government agency for research. I spent 20 years with the Addiction Research Foundation, and we went through this in—I think it was the 1970s—a proposal for what was called health research Ontario in the Bill Davis-Dennis Timbrell era. It didn't go anywhere; it was not only to pull in our organization, our clinical institute, which was a research and teaching hospital that closed in the 1980s recession, but also to draw in the cancer society and the Heart and Stroke Foundation, as I recall.

Has there been any pickup on this, and do you know what happened to that other proposal—health research Ontario?

Mr. Murray Martin: You have mentioned several other bodies that we rely on and that certainly do help us, like the Heart and Stroke. But there never has been an Ontario agency created, by example, as in BC, Quebec and Alberta.

Mr. Toby Barrett: As far as the 25 academic hospitals—I don't have time to read these reports, but you were talking about product development or commercialization of research, I assume. How many patents a year would the 25 hospitals produce? How can we measure this as far as invention—

Mr. Murray Martin: Our council does have some of the data. The number of patents would, frankly, be in the thousands. There are a lot of patents issued. Our challenge is that there isn't good take-up of those patents to take them forward to commercialization. We're very supportive of the creation of ventures such as MaRS, because that is creating an environment where you bring together the private sector, venture capitalists etc. with the research ideas.

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

CANADIAN UNION OF PUBLIC EMPLOYEES, ONTARIO DIVISION

The Chair (Mr. Pat Hoy): Now I call on the Canadian Union of Public Employees, Ontario division, to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Mr. Sid Ryan: I'm Sid Ryan. I'm the president of CUPE Ontario. Joining me today is Shelly Gordon. She's a researcher with CUPE.

I'd like to thank the committee on behalf of CUPE's 22,000 members in Ontario who work in municipalities, universities, utilities, long-term care, social services, hospitals and schools. The provincial budget has a significant impact on CUPE members as residents and taxpayers, as service providers and caregivers, and as workers in the broader public sector.

As I make this submission, there are a number of CUPE members outside the Legislature today from our long-term-care sector. For several years now, they've called on the Liberal government to make funding investments in the hands-on care that they provide to residents. In particular, we're talking about three and a half hours of direct nursing care on a daily basis.

The Liberal government must not resolve the economic crisis off the backs of Ontario's elderly and nursing homes. The government must follow its own funding commitments made in the March 2008 budget and add investments to ensure adequate staffing levels in nursing homes to provide better hands-on care for residents.

Economists are saying that we're in a recession. The economy will shrink next year and won't start to recover until some time in 2010. I'm sure that the government and the NDP members of this committee will agree with me when I say that the federal Conservative government's response last week to the global economic recession is wholly inadequate and even dangerous. I am encouraging the Dalton McGuinty government not to make the same mistake in this coming budget.

The situation is already bad. The overall global downturn and crisis in the financial sector comes on top of Ontario's crisis in the manufacturing and forestry sectors. Over 250,000 jobs have been lost. The auto industry, which underpins so much of our economy, is collapsing. The unemployment rate in northern Ontario is already over 10%. Oshawa recently reported a 70% increase in the number of people claiming unemployment insurance over last year's numbers. Working people are watching their retirement funds evaporate as markets fail. Even Bay Street workers are losing their jobs. Construction and housing sales are slowing, food bank use is up, governments around the world are pumping money into their

economies. Even the IMF is calling on governments to stimulate the economy. They are saying that what governments should be doing is investing at least 2% of the GDP on a stimulus package. For Ontario, this would mean approximately \$12 billion, recognizing, of course, that that would be shared by the federal and municipal levels of government in addition to the Ontario government.

In the face of these calls for economic investments, Ontario can't make the same mistake as the federal government and do nothing but make cuts. Ontario's coming budget must be a substantial and robust response to the economic downturn. Now is the time to respond with countercyclical measures; now is the time to invest in social and physical infrastructure. But recently, the Premier advised Ontarians to continue to shop and spend. He sounded much like the Prime Minister a few months ago, who thought the global meltdown was a momentary blip. While CUPE members spend their hard-earned wages on houses, groceries, clothes, and car and bus transportation, it is up to your government to come up with a strategic economic plan.

Working people did not create this economic crisis. They shouldn't be paying for it with the loss of their livelihoods. You can't turn this around by cutting jobs, cutting wages or cutting services. Economists around the world are saying that the government programs are a key economic stimulus. No one who understands that and the importance of public funding as the basis for our economic stability is calling for restraint. CUPE Ontario is calling on your government to show vision and strength at this key juncture and put forth an economic stimulus package for Ontario that would: accelerate investments in social infrastructure like health, education, housing and a social safety net to maintain services and jobs in local communities; increase and speed up the funding of infrastructure projects such as transit, water and clean energy, rather than \$50 billion worth of investments in nuclear power; boost construction of affordable housing and retrofitting; and provide investment in key sectors like manufacturing and forestry.

We have seen that it's too dangerous to leave it to the markets to decide, because even in the boom years that just ended, we want to remind you that not everyone did well economically. These are the types of stimuli the federal Liberal Party is calling for in their policy, so please, let's have some consistency between your federal cousins and the Liberals here in Ontario and follow the same principles that they're espousing now with the new coalition.

However, investment in social infrastructure must also include measures to alleviate poverty. A year ago in front of this committee, we called on the government to adopt the following anti-poverty measures—and I do want to acknowledge that today you're announcing the 25 in 5 plan, which I think is certainly a step in the right direction, but also we'd like: the expansion of the not-for-profit regulated child care sector; restore card check certification for union organizing—there's no better

hedge against poverty than allowing people to freely join a trade union so they can raise their standard of living and their wages; raise the minimum wage to a living wage; and update the Employment Standards Act to protect precariously employed workers.

0950

It is time to start thinking of public services as the social infrastructure that helps reduce poverty and equalizes income disparity in our society as investments in our future economic stability. Adequately funded public services are even more important during an economic downturn than during the good times. Investments in social infrastructure should be part of any economic stimulus package to mitigate the downward spiral effect on economic turmoil for the following reasons:

- Public services protect our vulnerable citizens;
- Public services generate decent jobs in our communities;
- Public services bring funds into the community through wages and through the purchase of goods and services;
- Public services help those without jobs get through tough times and train for new jobs.

Infometrica calculates that \$100 million in provincial spending can have the direct effect of creating about 25 person-years of direct employment, depending on the salary and benefits, almost 15 person-years of indirect employment through the purchase of goods and services or construction, or almost 11 person-years of employment through the purchase of goods and equipment by suppliers to governments. The induced effects, or multiplier effect of this spending over five years is about a 25% increase in jobs. The reverse of course is also true. Cuts to provincial government spending have direct and indirect job loss effects. Investing in social infrastructure is a far more effective economic stimulus than tax cuts.

CUPE calls on the provincial government to speed up its own infrastructure investment. We also call on the government of Ontario to abandon the AFP or the P3 model for infrastructure projects. It has never been a good deal; it's even more expensive in the credit crunch.

Even Jacques Lamarre, CEO of SNC-Lavalin, one of the world's largest engineering and construction companies, who expects millions of dollars in federal infrastructure spending, says that P3s should be avoided now because they are too slow and too complex.

Given the underlying transformation of Ontario's economy through the loss of manufacturing employment, the Ontario government must invest in infrastructure and procurement spending in the development of green jobs—employment in industries that take advantage of the shift to renewable energy resources, recycling, greenhouse-gas-free transportation and manufacturing and infrastructure that meets the challenge of global climate change.

We need the Ontario government to show leadership in strengthening our economy through investments in people and social infrastructure, such as improving health care, education and social services, and increased funding

to rebuild our public infrastructure, with a strong focus on energy efficiency.

Lastly, I'd like to say that I really believe that this is an opportunity for governments and business and labour to come together. I would hope that your government would take a lead in putting together a hydro task force or some form of a council.

I've just been to Europe recently and most European governments are engaging the trade unions and business in a partnership in terms of how to get out of this economic crisis. I would put it to your government and your Premier that I believe it's time to bring those three components together to deal collectively and more effectively with the crisis that's before us. Thank you for taking the time.

The Chair (Mr. Pat Hoy): And thank you. Questioning will go to Mr. Prue of the NDP.

Mr. Michael Prue: I listened intently, but I didn't hear you give a figure. You are suggesting the government has to do a stimulus package. The government is presently running about a \$500-million deficit. How much more money are you advising the government put forward, which might result in a deficit, or most assuredly will result in a deficit, and how high?

Mr. Sid Ryan: Well how high I guess depends on how deep this crisis is going to be. If you follow the IMF's recommendations of 2% of GDP—we reckon that's about \$12 billion for Ontario—you would have to reckon that the federal government has to pay up their share of that and municipal governments would bear some of the costs in their infrastructure programs. Our economy is roughly one third the size of Canada, so I guess you'd be looking somewhere in the order of about \$4 billion, I would reckon, but that's not scientifically worked out. I don't know exactly what percentage of the GDP Ontario's responsible for with respect to the Canadian economy.

Mr. Michael Prue: But you would see something in the \$4-billion to-\$5-billion range as not being unreasonable, given the circumstances?

Mr. Sid Ryan: Absolutely not. I recall back in the 1990s that we had a similar downturn, not nearly as bad as the one we've got right now, and I know that the NDP were castigated at the time by the Liberals and the Tories for running a deficit, but now I'm not hearing any respected economist anywhere in the world saying that you cannot spend your way out of this economic crisis because we're in danger of hitting a deflationary cycle. If that happens, we are all in serious trouble, in the public and in the private sectors.

Clearly, the IMF see this as a major problem, and they see that governments need to invest heavily in their infrastructure and job creation programs.

Mr. Michael Prue: You talked about some of the places of stimulus. You mentioned health, education, housing and social safety nets. Where would you put the priority? You mentioned them all, and I'm sure the government will want to know—will have to have some kind of priority. Do you think we get our best bang for the

buck by social safety nets—that poor people would take the extra money and immediately spend it? Or do you see it in terms of housing, which is desperately a need, that would put construction workers to work, or in transit that would have construction and transit workers and people in Bombardier making transit vehicles? Where do you see it?

Mr. Sid Ryan: Personally, I think I would opt for those who are living in poverty, those who have lost their jobs. I think the most vulnerable of people should first be looked after, for the reasons that you're talking about. They're the ones who are most likely to recycle the money back into the economy. They will keep it local, in their own communities, so smaller communities will also benefit.

You take a place like Oshawa that has had a 70% increase in unemployment in the last year or so. There are about 5,000 or 6,000 more people now on unemployment in the city of Oshawa, to say nothing of the spinoff in the communities all the way around. Those folks are desperately needing some help right now. I think they have got to be the number-one priority.

After that, I guess, would be the creation of jobs, helping industry to maintain those jobs and maintain the manufacturing base, what's left of it in this province.

Mr. Michael Prue: In terms of creating the jobs, we have been advocating a Buy Ontario policy so that the Ontario government, municipal governments, that whole MUSH sector and government agencies look to buy Ontario products first and foremost, to stimulate the economy and help the people who are working here. Is that a strategy that should be looked at?

Mr. Sid Ryan: It's part of the strategy. It's absolutely ludicrous that with the free trade agreements we've got, where we're shipping our jobs offshore, the little bit that remains back in the economy—that somehow we would be outsourcing that as well. It's just beyond comprehension. Clearly, we've got to have a Buy Canadian and Buy Ontario policy that keeps the jobs here in this country and not be exporting these good manufacturing jobs offshore. I don't know how any government can live with themselves by contracting out the work of Canadians anywhere outside of our borders.

Mr. Michael Prue: Thank you.

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

Mr. Sid Ryan: Thank you very much. I appreciate it. Thanks a lot.

CERTIFIED MANAGEMENT ACCOUNTANTS OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Certified Management Accountants of Ontario to come forward. Good morning. I've seen you sitting there, but I'm compelled to tell you that you have 10 minutes for your presentation, five minutes of questioning—and if you'd identify yourself for the purposes of our recording Hansard.

Mr. Merv Hillier: Certainly. Good morning. My name is Merv Hillier. I'm the president and CEO of the Certified Management Accountants of Ontario. With me is Angie Brennand, who is our director of public relations and government affairs.

I'd like to begin by thanking the committee for the opportunity to present and discuss the Certified Management Accountants of Ontario's priorities for the 2009 provincial budget.

As a brief introduction, the Certified Management Accountants of Ontario or, as we're better known, CMA Ontario, is a self-governing professional organization that awards the certified management accountant designation, the CMA, to qualified candidates in the province. This is after going through a two-year rigorous program.

We are an integral part of a profession that has 50,000 members across Canada, with half of those in Ontario. Ontario's 24,000 CMAs are accountants, controllers, directors, managers, CFOs and CEOs of businesses across the province and in all sectors of our economy. The role that CMAs play in the business community makes us among the first to feel and experience the changes in the economy and the impact of fiscal uncertainty.

Let me also add, I've spent 30 years in business and manufacturing and distribution in high-tech and automotive businesses, so I can also appreciate and understand where our members are coming from, when we present this to you.

With that as background, I would like to focus now on the key budget priorities that we feel, as CMAs—we surveyed our members back in mid-November. As you will undoubtedly understand, economic leadership to restore confidence—and I'm going to repeat that—economic leadership to restore confidence—to the stakeholders in Ontario's economy is the number one priority that our members cited in our survey for the 2009 budget. They must have confidence in their leadership and the direction being set in order for them to spend and invest in Ontario.

1000

Drilling down into the meaning of economic leadership, CMA Ontario is calling for a comprehensive economic plan that deals with short-term actions to help weather the current economic storm and, in addition, a long-term strategy to increase Ontario's prosperity and competitiveness in order to take advantage of what may be before us in the years ahead.

The time I have with you today will not permit me to outline each of the recommendations contained in our submission in detail, but I want to summarize what we believe are the three critical elements of the economic plan, and these are:

(1) There must be, obviously, as you've heard so many times, a short-term stimulus package to create jobs, but that's short term.

(2) There must be a new longer-term economic model for Ontario, so we must revisit our business model in Ontario.

(3) There has to be, in order for the new economic model to be developed and also to be executed, a co-

ordinated, multi-government public-private approach to get us there. It cannot be done in isolation.

To begin, our members recommend elements of a short-term stimulus package to stem the current decline and encourage immediate job creation. This includes components such as infrastructure investments, training and investment incentives, but also lower-cost measures such as reducing the regulatory burden. If you want growth in Ontario, then you have to make it easy for business to do business here.

Let me speak about these in further depth. Investing strategically in Ontario's infrastructure network is a stimulus that is an overriding recommendation of our members. It serves two purposes: fostering short-term job creation while at the same time strengthening Ontario's economic fundamentals and improving future prosperity. The recommendation to invest in infrastructure should not be mistaken as a rallying cry simply to fix potholes or repave roads. That's not what it's about. It is about a call to government to maximize the use of technology. We should be preparing Ontario for the 21st-century economy through strategic investment in IT, enhancing online services to the government, infrastructure to increase Canada-US trade flows and strengthening traditional and renewable energy sources.

CMA Ontario members are also calling on government to expand training and investment incentives. But there's no point putting money into training and investment incentives unless we know what the direction of our new business model is going to be. These tools can help Ontarians and our businesses upgrade their skills and facilities, transitioning from traditional economic fields into emerging industries.

We must also support the entrepreneur, who will be the catalyst for future growth and prosperity. The question the budget must answer is how to pay for these short-term initiatives. To this end, CMA Ontario members expressed their support for the government preserving its core economic and social fundamentals; 52% of our members in Ontario support running a modest deficit during this difficult economic time. Low-cost measures to attract and retain businesses are also recommended as our members believe that more can be done to reduce the provincial red tape, the bureaucracy, that they experience.

A second prominent priority for CMA Ontario is the need to develop a long-term plan that would accomplish two key goals: diversifying Ontario's export base and repositioning our overall business model to transition from traditional industries to emerging industries.

We need a long-term plan to reposition ourselves from the traditional to where the new, emerging economy is going. Some 80% of our members are concerned that we are too closely linked to the economy of the United States, and they believe that there should be government support for increasing ties to the BRIC countries, those being Brazil, Russia, India and China. These nations, in spite of the economic and financial crisis, are still expected to grow between 5% and 8%. If we had that here in Ontario, we'd be very happy. Therefore, even in

spite of the challenges that we see here in Ontario, there are still considerable opportunities in the emerging countries for us to send our exports to. These nations are projected to grow, even during this downturn, and we need to be part of it. In this regard, CMA Ontario was pleased with the establishment of the Ministry of International Trade and Investment. It is our hope, though, that the ministry will actively encourage the diversification of exports to other countries by participating in more trade missions with emerging economies, promoting Ontario more vigorously overseas and establishing more trade offices in foreign countries. When I travel in Asia and the Middle East, there's a cry, "Where's Canada?" The government needs to support our businesses so they know where the opportunities are.

In addition to turning to new markets for trade relationships, CMA Ontario believes a fundamental rethink of our economy as it is currently constituted is required. Developing a long-term business model for Ontario with reduced focus on traditional manufacturing and increased focus on emerging industries and innovation must be a key strategy that if ignored will just simply mean a continuance of the same cyclical fiscal, financial and economic challenges that we've seen in the past.

In that regard, our members recommend further investment in and support for industries such as high tech, advanced manufacturing, environmental and green technology, biotechnology and other knowledge-based sectors. Attracting or incenting these types of industry to develop and locate in the province will place us on a stronger financial footing in the future as traditional manufacturing activities decline, lose favour or go through a restructuring.

Finally, and probably most importantly, our third recommendation is an integrated approach to solving the current economic crisis. Ontario's economy and financial markets do not operate in isolation, thereby creating a need to collaborate with all levels of government, as well as representatives of the academic and business communities. Ontarians are looking for your leadership in working together with your partners and with us to develop and execute a plan that addresses the needs of all involved and reduces the likelihood of duplication of effort. This cannot be done in isolation. It must incorporate thought leadership from our brightest minds.

In closing, I want to assure you that our members remain cautiously optimistic about Ontario's future economic outlook even for this year. While they definitely recognize that Ontario's in a tough economic situation, surprisingly a strong percentage—almost 60%—are confident that their businesses will perform similarly or better in 2009 than they did in 2008. This optimism among Ontario's strategic management accounting professionals is good news in this climate of uncertainty but it also should be the foundation our government builds our future upon.

On that positive note, I want to thank you again for the opportunity to make this presentation. Additional details are in the handouts that we gave you, and I'd be happy to answer any questions. Thank you very much.

The Chair (Mr. Pat Hoy): And thank you. This round of questioning goes to the government.

Mr. Wayne Arthurs: I want to thank you very much for the presentation. Actually, my first question was going to be—you've answered it in part. You mentioned that CMA was among the first to feel changes in the economy. So you were first to feel this going in. My question's going to be, what are your feelings about us coming out? Your final comments, at least in a small way, expressed some optimism. Do you want to take just a minute of the time and expand on the—obviously we're intensely interested in where we are. But we are equally interested in whether the light at the end of the tunnel is really a light at all or whether it's simply the train coming at us still.

Mr. Merv Hillier: It's an interesting question, and I'll repeat it just to make sure I understand what you're asking. Do our members see where the light is at the end of the tunnel? Basically that's it.

Certainly, our survey doesn't give us a response to that specific question, so I can't give you any specifics from our members who might say what we see on the horizon is a move away from this economic downturn. I don't think we've travelled through it far enough yet, and there's still probably too much uncertainty. Certainly in the survey from our members, what we would take from it is that there's still a lot of uncertainty and they wouldn't, at this point, I don't think, be able to quantify or qualify it in saying, "We would see a turnaround coming in six, 12, 18 months." I think it's just too early.

1010

Mr. Wayne Arthurs: Two other questions; I'll give them both to you, and then the Chair will tell us we've run out of time.

The first one would be around the infrastructure investment stimulus. You mentioned high-speed Internet broadband as a priority. If you want to comment a little more on that, because I'm a big believer, have been for a period of time and continue to be, that we need to do a lot more for Ontarians in that regard for business and other purposes.

My second question would be around Asia, China, those marketplaces and the need to build business relationships to allow you to do business. Because of some experience I have with some local businesses in my riding, I'm acutely aware that you just don't turn that around overnight, that it's a real art, science, as the case might be, to build those relationships that allow you to do business. Any comments on both of those two fronts would be helpful.

Mr. Merv Hillier: I'll talk briefly on the first one and then spend probably more time on the second one.

On the first one, with regard to infrastructure or investment in IT, I think it's important to understand why we're investing. There's a parable that says, "Without a vision the people perish," and we're perishing at this point because we have no vision for Ontario. What is it that we're trying to build towards?

If I'm an investor in Ontario, I want to know, is this a good place to do business? If you're in business, a

customer says, “Are they easy to do business with?” What does that mean to an investor, a buyer or even a seller? I want strong IT connections because that will help me in my efficiencies and my effectiveness. I need good transportation and roads because we are still manufacturing. The goods going back and forth to the US, still our primary market—that has to be strong. Good public transportation—we’re scattered. If we need to get the talent into our organization, I have to have good public transportation.

I have to have the right skills and the talent in the community in order to make sure that I have that infrastructure available to me in order to build my business. Richard Florida talks about the 3Ts. He talks about technology, talent and tolerance; in other words, diversity in accepting creativity and innovation in the marketplace. The creative class is becoming very important in the economy. So where’s our support for creativity and innovation? Where’s the investment in infrastructure, whether it’s soft or hard infrastructure, for people to do business?

On the second one, I consulted for seven years, so I’m not going to talk from the survey because the survey doesn’t address those particular markets. Our members are exporting to the US, but at the same time they recognize, with the US going down, whether or not the US comes back up, they need to expand outside of the US, outside of North America. How are they going to do that?

When I travelled and did business in the Middle East and throughout Asia in my consulting years, regularly they would say, “Where’s Canada? How come Canada’s not here?” From a CMA perspective, we’re doing business now with the top universities in India. How that happened was, we simply went on a trade mission with Premier McGuinty a couple of years ago and, as a result of that, now we have joint CMA-MBA programs with the top three universities in India. That wouldn’t happen because there’s a huge amount of fear, especially among Canadians, in going into those scary markets. What needs to happen is, somebody needs to go with them, maybe take their hand and expose them to the opportunities and then help them when they come back and say, “Okay, now this is how you do it.” There are more and more examples of people who have said, “I’m setting up shop in China,” or “I’m moving into India” or Brazil, but they don’t know how to do it.

The government needs to help them, whether it’s simply partnering them with others who’ve done it or taking them and saying, “Let us show you how it’s done.” The government needs to help Canadians, help Ontarians and our businesses understand there’s more to the world than the US. There’s 5% to 8% growth in BRIC countries. We need to be getting out there and expanding into those countries because the opportunities are there.

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

For the committee, if routine proceedings were to come before 2:30, could you come before that? We ex-

pect those presenters to be here early. We do have a full afternoon. We’re recessed until then.

The committee recessed from 1015 to 1424.

UNIVERSITY OF CALGARY

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order.

Our first presentation this afternoon is from the University of Calgary. You have 15 minutes for your presentation. There will be five minutes of questioning allowed for each party if they choose to use that amount of time. If you would just give your name for the purposes of our recording Hansard, we’ll begin.

Dr. Jack Mintz: Thank you very much. Jack Mintz, and it’s a pleasure to be before this committee once again. I’ll try to be relatively short to give you an opportunity to ask me questions. In fact, I do like that very much.

Let me, first of all, say the obvious: Ontario is going to be facing a very difficult challenge. While manufacturing and forestry have been under a strain for some time, we know that with this global credit crunch and falling commodity prices, we now have many sectors in Ontario that are going to be strained, including finance, mining and others. While economic forecasts suggest negative growth in only the first half of 2009, my gut feel is that growth could be a lot worse in 2009; a longer period of negative growth and a very slow recovery after 2009, with the kind of problems that are occurring right now both in financial markets and the economy.

In my view, the forecasted deficit of \$500 million is surely an underestimate for next year. If one takes private sector forecasts, I would suggest that the Ontario government could face a \$4-billion deficit. This could result in a fall in revenue of about 1% and expenses growing at 3%. But this is only an estimate and, frankly, I don’t believe that anyone can predict with precision at this point what will happen in the coming year.

The difficulty for the government is to determine whether to have a fiscal stimulus package and how much is appropriate. Large structural deficits will be significant. Part of the difficulty is that over 60% of the budget—in fact, probably closer to 65%, or two thirds—is controlled by agencies not the government. The government is correct in constraining wage increases to 1.5% for its own workers, though a recent negotiated settlement with the teachers is double that amount. It is not clear in my mind that the government will be able to constrain spending sufficiently in the next year.

The federal government spending stimulus can help Ontario, making it easier for the province. The province cannot afford a large stimulus package and it is unclear how much impact that package would have anyway on growth in the economy. We have to remember that additional provincial debt raises the spectre of higher taxes in the future, thereby encouraging more household thrift and discouraging the inflow of capital.

Although I don't espouse this view, there are economists who argue that fiscal policy does not have much impact for this reason. In fact, Robert Barro from Harvard would argue that every dollar of deficit financing by the government leads to an increase in savings by individuals to offset that deficit and, therefore, no change in aggregate demand in the economy. As I said, I don't espouse that view. I think that there is some impact, but I think we do have to take into account that in small open economies like Ontario, fiscal policy doesn't necessarily have the bang that one would like it to have. Therefore, one has to be careful about what size of deficit one is willing to accept.

Actions for the province could involve a number of things. First of all, infrastructure spending: I've noticed in the numbers for the next year that it's slated to fall. I don't believe that infrastructure spending is a panacea, but additional money provided by the federal government, with the province, would be welcome. I think that if one is going to do infrastructure spending, it should be on projects that can be immediately done next year. It's very difficult for infrastructure spending to be timed in a way to be a short-term fiscal stimulus; that is because it takes time to do the planning and get the regulatory approvals, and that could be two or three years down the road. So if you want immediate fiscal spending, it's more about spending on potholes rather than spending on large new projects.

With respect to education spending here, given the demographics, I think that the province should try to achieve whatever savings can be done as the elementary-age group has been declining in size. With respect to post-secondary education, I know that I probably would get whipped by some students if I said this, but you may want to allow university tuition fees to increase more than expected—at least more than, let's say, inflation—because I think that you'll have to constrain the transfer payments going to the universities. I do think part of that increase should definitely go into bursaries for low-income individuals to keep access to the university system.

With respect to health care, not much one can say, even though you have a \$40-billion item as expenditure there. It's huge, it's big; whatever efficiencies you can achieve there, I think it's important, as it is an area that's going to be very difficult to constrain in terms of spending.

With respect to training, I think it's very important for the unemployed and those who may be losing jobs to be able to find new opportunities, but I think we also have to remember that it's not just the supply of workers that's important in terms of creating those opportunities, but it's also important to develop an infrastructure for the future that can employ people here in Ontario. A plan is needed to make sure that regulations and taxes are competitive to attract new businesses to the province.

1430

With respect to taxation, the best short-term fiscal stimulus puts money in the hands of people. To support consumption, you need to have a permanent tax cut—a

temporary one does not work. Certainly we saw that in this past year with the US government trying to pump up the economy with a rebate that generally went into debt reduction or savings but had very little impact on consumption, as is now well known.

With respect to bailouts, you'll find you probably have more than just the auto sector lined up for bailouts. I'm sure the forest companies will be at you, and there will be other sectors of the economy that will also be looking for money, since you would be willing to bail out the auto companies. Of course, the pressure on the auto companies—the Big Three—will largely be determined by what the US government does with respect to those three big companies, and Ontario and the federal government will participate in any package that will be part of that overall bailout.

But I think we have to remember that bailouts are not necessarily successful. In fact, one of the problems with a bailout is that it keeps bad assets in play when really you need to have restructuring that goes on through the bankruptcy process—and this is not limitations on executive pay, even though it's always very political to talk about that, or even pushing to green technologies. Really, with bailouts here, you're looking at major restructurings of companies to improve their management and efficiency, including the relations with workers, with possibilities of wage reductions as a result.

Lastly, I really believe that Ontario needs a long-term plan for tax reform. However, this is not the time to carry out major tax reforms in Ontario, as much as they would be valuable. But I do think that the government should think of a process in moving ahead with a significant look at the tax structure to support economic growth in the long term. That could be done by seeking advice and by, for now, looking at a major restructuring of the tax system that could come down the road when the Ontario economy gets back on track with some growth.

Thank you very much.

The Chair (Mr. Pat Hoy): We thank you, as well. We'll start the first round, in three rounds of questioning, with the official opposition.

Mr. Tim Hudak: Dr. Mintz, thanks very much for appearing before the committee again. I know how busy your schedule is, and coming up from the University of Calgary and such, it's a bit of a drive.

Dr. Jack Mintz: Well, I have to be here anyway.

Mr. Tim Hudak: I'll split some time with my colleague Mr. Arnott.

Just on your fourth bullet, a point of clarification: You talk about how the difficulty will be in determining how much of a fiscal stimulus package is appropriate. "Large structural deficits will be significant." Do you mean structural deficits will occur naturally because of the decline in revenue and average spending increases, or a structural deficit will come out of a stimulus package?

Dr. Jack Mintz: In a sense, both. One of the big problems is that once you do have a significant decline in the economy and a deficit—which I think is going to have to be tolerated; I'm not arguing that government

should start boosting up taxes and wildly cutting spending. I think you need to constrain spending, but you wouldn't want to start cutting spending at that time. The difficulty, of course, is once that period gets through, you would hope that with growth in the economy you would go back to zero balance, but sometimes that often doesn't happen, as governments want to introduce new programs and maybe even cut taxes or do some other things during that period. It's very hard to turn the switch once you create a large deficit. It's going to take time to work through it, with a lot of fiscal prudence. In other words, creating a deficit does have some long-term implications and is difficult.

Now, if you add on a fiscal stimulus, you will make that deficit even larger at the beginning. I guess the question is, how big a fiscal stimulus would you want to tolerate? I think Ontario will have some fiscal stimulus, but are we talking about \$2 billion or \$5 billion? If my suggested deficit is \$4 billion without doing anything at all, then one's looking at, potentially, a very large deficit with a fiscal stimulus of, let's say, \$4 billion to \$5 billion. That could make a deficit of \$8 billion to \$10 billion.

Mr. Tim Hudak: One more question, maybe just in a nutshell, then my colleague Mr. Arnott will have the floor. You recommend at the end long-term tax reform. What would be at the top of your list for important tax reform in the province of Ontario, briefly?

Dr. Jack Mintz: I think three things. Number one would be the corporate tax, which I think needs to be looked at. It's certainly out of whack—well, it's consistent with the US, but theirs is out of whack, too, with the rest of the world, so it's not exactly one to be proud of.

I would also say that sales tax harmonization should be very much on top of the list, with the idea of moving to a value-added tax in Ontario. It could be something like the Quebec value-added tax; I'm not talking about full harmonization with the GST, necessarily.

The third is property tax reform, especially with respect to the non-residential property tax, but even household property taxation needs to be looked at.

Mr. Tim Hudak: Thank you.

Mr. Ted Arnott: Thank you for making your presentation here today. We certainly appreciate your advice, and I have a couple of questions.

I'm sorry I missed the first part of your presentation, but you indicated, according to your notes here, that you believe the \$500-million deficit projection that has been articulated in the Legislature by the Minister of Finance may very well be an understatement for fiscal year 2008-09, the deficit for this year. What do you think it's going to be if you're suggesting \$500 million is an understatement?

Dr. Jack Mintz: I think we could potentially be looking at a deeper decline in the winter. The news is really quite negative, I think, right now when you see that the economy has virtually stalled in October and November. This is largely due to the credit crunch, but as we know, there's been a very significant decline in auto sales

already in this month, as well as household sales—a really steep decline. So I think we're going to see more of that over the next short while. I just think that even now, with some of the negotiations, it will be very difficult to stay within \$500 million. My suggestion about the \$4 billion number, really, is for 2009-10.

Mr. Ted Arnott: Yes. I'm concerned about the potential for deflation in our economy, and I was wondering if you had any thoughts on that and what you'd advise governments at all levels to do to prevent a deflationary spiral as the next phase of our economic challenge.

Dr. Jack Mintz: Well, first of all, I think the federal government should undertake still some more monetary stimulus, which is possible in Canada, unlike the United States and Japan, where I think it won't have any impact—

Mr. Ted Arnott: You mean cutting interest rates?

Dr. Jack Mintz: Cutting interest rates, which will help. I think there's some room for fiscal stimulus, which will help buoy up the economy.

As far as deflation, I think that's over-exaggerated. First of all, even if there was some negative inflation, I'm just not convinced that we will necessarily go into a regime like the Great Depression, you know, major falls in prices. I know that consumer durables is the one area where, if you believe that prices are going to climb, people might forestall their purchases because of a price being lower at a later time, but I'm not totally convinced that it's going to be that significant an impact. With the very large fiscal stimulus that will take place in the world—because this is really a world problem and not Canada's—eventually there will be some turnaround, especially in the United States, although I do think that we're in a pickle for the next two years.

The Chair (Mr. Pat Hoy): Thank you, and we'll go to the NDP and Mr. Prue.

Mr. Michael Prue: A number of things: You are suggesting that we need to spend on potholes, not new projects. Is that because it takes too long to get them off the ground in terms of environmental assessments, in terms of planning and all those things that cities do?

Dr. Jack Mintz: Exactly, and bridge repair and whatever, and that is needed.

Mr. Michael Prue: Just so we have it straight, you are suggesting that we repair the bridges, when we have social housing in complete disrepair in this province—to spend the money there as opposed to building new houses, because you can start tomorrow?

Dr. Jack Mintz: That's exactly right. For short-term fiscal stimulus.

Mr. Michael Prue: All right. And we can't wait a year or two to do the other things because it's too late?

Dr. Jack Mintz: Well, yes, it's too late and sometimes often ill-timed, because by the time you start it all up, that's when you're back into growth, and in fact, you're creating more pressures in labour markets and commodity markets. Sometimes it's ill timed as opposed to helping you at that point; in fact, it could be hindering the economy. I'm very cognizant of it, living in Alberta

these days, because that's exactly been the problem in Alberta.

Mr. Michael Prue: Okay. Next you suggest education spending. That we try to achieve some savings associated with it. It's well-known that this is a thorny political issue. We have declining enrolment across both boards and the French and English boards as well, all four boards, and yet parents are reluctant to see schools close down in their community. We have schools that are three-quarters filled, two-thirds filled, half filled, some even less than that, and school boards are reluctant. Are you suggesting that the province take the political risk or do what is necessary to save money by shutting down underutilized schools?

1440

Dr. Jack Mintz: Yes, I am. I think it's important, because there are a lot of other demands that are there. The elderly need health services. You're going to have more people unemployed and some more people on welfare, and you want to make sure that they have support. There are other priorities. I think it's in tough times that you have to make some tough decisions. It's very clear the areas where you can achieve some savings. I think you need to do those in order to provide the kind of support—you are going to have to make sure that those who are most vulnerable to the impact of the economy will be able to deal with it.

Mr. Michael Prue: One of the things that is being discussed that I kind of like is the idea of not shutting down and selling off the schools, but using the schools for other purposes, whether they be daycares, because we don't have enough daycare space, or whether they be seniors' homes or community health centres or something so that the community will think that the school, the land, the playground and everything isn't lost to them. Is that something that you envisage as well? Or do you think that they should be sold off?

Dr. Jack Mintz: Those questions I'm going to leave to the people who can do the right planning. It may be more appropriate at times to sell off the school buildings. In fact, I've seen some school buildings turned into churches, and they do some good work in the community. So I don't see what the problem is with that. I think those are decisions that have to be made. I don't think it has to necessarily stay in the public sector.

Mr. Michael Prue: In terms of health care, you say look for efficiencies. Many would argue that health care is going up about 8% per year, most of that into the hospitals. Others are arguing that if you put it into long-term care, if you get the bed-blockers out of the hospitals, if you hire nurse practitioners and train them in community health teams, that it can actually be reduced. You've only put down one line. Is that what you're saying or are you looking at cutting hospital expenditures straight out?

Dr. Jack Mintz: Given I had a short time to discuss these things, naturally I wasn't going to put all the details in. There are all sorts of things that have been suggested by a number of health care reformers with respect to the

system, including much better use of information technology and a better allocation of resources within the health care system. All I'm saying is that to what extent you can achieve those efficiencies is going to be important, mainly for the reason you said, and that is, health care spending is rising 8% per year and, let's be honest, the government is not going to be able to afford that acceleration in costs. That's why I said the efficiencies are going to be important as we move ahead over the next while.

The Chair (Mr. Pat Hoy): Thank you. Now we'll move to the government.

Ms. Sophia Aggelonitis: Thank you, Mr. Mintz, for coming here today to make your presentation in front of our standing committee.

I have three questions for you. First, as far as your actions for the province, when you talk about infrastructure, I'd like to know what your thoughts are on the \$1.1 billion that we invested in the Investing in Ontario Act. When you mentioned the potholes, I'll tell you that in Hamilton, we're not fixing potholes, we're really making some big changes in infrastructure. In fact, that \$1.1 billion meant \$48 million for Hamilton and that was very important to us. Maybe you can tell me what you think about the \$1.1 billion.

Dr. Jack Mintz: First of all, I have liked in the past the long-term infrastructure plan that the province has adopted. I've worked with a lot of countries around the world, and one of the big problems in infrastructure spending is that often governments don't want to spend money on something that has a 25-year length in time, because they're not around then. They'd rather spend money on programs that have immediate benefits to taxpayers, like social programs etc. Therefore, infrastructure tends to take a second place as a result. That has been a serious issue in a number of countries. When the economy's doing relatively well, it's even been a problem there. I like the fact that the government has been willing to adopt a long-term infrastructure plan. What I do think, though, and this is just in terms of short-term fiscal stimulus, we have to remember that it's really got to be stuff that's ready to come off the shelf and get implemented. So it could be some long-term things, but it's got to be ready to go if you want to have some fiscal stimulus in the short term. That's why I said filling potholes could be better, because that can be done quickly, as opposed to saying, "Okay, we're going to start building a major bridge," across, let's say, Windsor to Detroit. It's going to take five years, but we know that by the time you get the plans and the regulations all agreed to, it may be two, three years before you even really start spending money on it. So that's what I mean.

Ms. Sophia Aggelonitis: Okay. Well, you can ask my mayor, and he's got some projects ready to go long-term.

Dr. Jack Mintz: That's fine. I'm not arguing that there aren't any. It's just the point about what's available and what's not.

Ms. Sophia Aggelonitis: Got it. The second question I have for you is, in your third bullet you say, "I don't

believe anyone can predict at this point the overall deficit,” but you have given me a number. So my question to you is, what do you think the federal deficit is? Can you give me a—

Dr. Jack Mintz: Well, the private sector forecast right now is for a federal deficit. This is excluding the impact of that last fiscal plan, although I saw a report today that suggested that the economic statement, the fiscal measures in there, would not do very much in terms of avoiding the deficit or would maybe even enhance it, although I wasn't convinced by that. But the private sector forecast had a federal deficit of potentially around \$10 billion for 2009-10—or was that 2008? But anyway, certainly a significant deficit. It would be the next budget year that they were talking about.

If you even just take Ontario's roughly 40% of the economy—it's a bit more—that would at the federal level. Ontario itself would be about \$4 billion of that. Of course the province is not the federal government. There are different types of spending that are involved, different types of revenue mix. As I was looking up the numbers, just a really back-of-the-envelope would suggest that for 2009-10 one might be looking at a \$4-billion deficit just in terms of slowness in the economy, just taking into account automatic stabilizers where corporate profits will be down, corporate tax revenues will be down, personal taxes won't grow as much—in fact they could slightly fall—consumption taxes might slightly decline as a result. So that's why I had my 1% decline. Then assuming that—and this will be tough, I think, given the past spending of the province, but keeping within a 3% range will be quite an exercise in my view for the province.

Ms. Sophia Aggelonitis: My last question is, what types of companies would benefit most from your proposed tax cuts?

Dr. Jack Mintz: Do you mean in terms of the corporate one or in terms of sales tax or what?

Ms. Sophia Aggelonitis: No, the corporate tax.

Dr. Jack Mintz: Well, first of all, if you're talking about long-term reform, I would get rid of the differential between resource manufacturing and other income. It's actually very hard to police that and administer it, but it's also even when you look at a company, they're operating on all sorts of markets.

With respect to who benefits from corporate tax cuts, I think actually the government benefits a lot. It benefits by multinationals shifting more income into the province. The fact is there are a lot of studies now on this that have been done internationally. The estimates do vary: In fact, I have my own estimate of income shifting that I did with a colleague, Michael Smart, from the University of Toronto. What it suggests is that corporate tax rate reductions actually don't cost as much money because multinationals will shift less income out of the country and more back into the jurisdiction. In fact, I've estimated that actually if you have corporate rates that are—this is now the aggregate rate and the federal-provincial rate. If it's above 27%, 28%, if you cut rates you're not going to lose that much money at all. So what it suggests is that

when you have high rates, the government in a sense shoots itself in the foot because multinationals will shift income out of the country. Who will benefit? Of course the companies that succeed and make profits: They'll benefit.

The Chair (Mr. Pat Hoy): Thank you for your presentation. On behalf of the committee I thank you for coming here today.

Dr. Jack Mintz: My pleasure.

1450

HUGH MACKENZIE AND ASSOCIATES

The Chair (Mr. Pat Hoy): Now I would ask Hugh Mackenzie and Associates to come forward, please.

Good afternoon. You have 15 minutes for your presentation. As you just saw, there will be a rotation of five minutes of questions from each party after that. If you would just state your name for our Hansard, then you can begin.

Mr. Hugh Mackenzie: My name is Hugh Mackenzie. The hat I'm wearing today is as a research associate for the Canadian Centre for Policy Alternatives.

You have a handout. I'm not going to speak directly to the handout. I've raised some of the same points in it that I'm going to raise in my remarks. I just want to cover some broad points, and I also want to make a limited number of very specific suggestions that would fall less into the category of what I would do if I were you and more what I think you should do given that you're not me.

Needless to say, we're here at a pretty interesting time. The top-of-mind aspect of that interesting time is obvious to everybody. We've got a really toxic mix of a decline in the real economy and a meltdown in financial markets. It's relatively unusual for those two things to happen at the same time with the kind of severity that we've seen. We've also seen an unusual degree of feedback effects between these two aspects of the economic change.

The result of that is that we've got a combination of the most difficult circumstances that were created in the financial market difficulties that we experienced in 1987, with the size of the aggregate decline that we had in 1980-81 and in the manufacturing sectors specifically, all of the most difficult aspects of the decline that took place in 1990-91. Let me just unpack that last point. I was involved as an adviser to a large union in both 1981 and 1991. When I step back from those two recession events, what struck me about them was that in 1981, the recession was deeper than it was in 1991. But it tended to be expressed in layoffs in existing operations and not in plant shutdowns. There were some plant shutdowns that took place in the 1980-81 period, but for the most part it was downsizing existing workforces as a result of declines in demand.

In 1991, the overall decline wasn't that big, but there were a lot of plants shut down; there were a lot of things that just went away. The consequence of that was that in the post-1981 recession period, the recovery was actually

pretty rapid. People got called back to work, and by 1985-86 we had kind of absorbed most of what had happened in the 1981 period, whereas in 1991, I think partly because of the structural context in which these changes took place, we ended up taking a much longer time to recover from the recession in 1991. We've got a pretty difficult circumstance in the real economy.

We've also had a really interesting change in the world of ideas, if I can put it that way, in the way that we think of responding to these things. Ten years ago, five years ago, a year ago, if we had been confronting this kind of economic circumstance, the conventional wisdom advice would be, "Government, keep your hands off the economy. You're more of a problem than you are a solution. Let the monetary authorities take care of it and let the market adjust." Nobody is saying that now. Suddenly, in the last few months we've rediscovered the idea that government activity can play a positive role in economic adjustment. Suddenly people are rediscovering their inner Keynesian, and we're now talking not so much about whether government ought to have a role, but in much more detail about what kind of a role government ought to play, what the limits of it ought to be and what its objectives should be. I think that's a very healthy change, and it sort of forms the context with which I'm here this afternoon.

I want to comment briefly on the fiscal situation. I'm not that interested except, obviously, it's going to make a difference in terms of where we stood at year-end. The issue for this current fiscal year is not really that big a deal. It may be \$500 million, it may be more than that or it may be less than that because, if you look at the context over the last couple of years of Ontario's fiscal planning, the rubber really is going to hit the road in the 2009-10 budget, not in what remains of this one. The reason I say that is because, first of all, this year's budget, the 2008-09 budget, was really kind of an unusual budget. If you look at when the money actually flowed from the commitments that were made in the budget in March, most of that money flowed from the 2007-08 fiscal year, not from the 2008-09 fiscal year's revenue. I'd characterize it this way: In many respects you could say that the 2008-09 budget was really rethinking the 2007-08 budget; it wasn't really a 2008-09 budget. As a result, there really wasn't much spending increase in the 2008-09 budget, and in fact the 2008-09 budget contained very conservative estimates of revenue.

I think that when the Minister of Finance put those estimates together, he was expecting to have yet another one of those miraculous surprises at the end of the year where he could say he had been way too conservative and there was a big surplus at the end. The world kind of made him right in retrospect. The problem that the government faces now is that all of those things that made this year's budget manageable, the fact that the new spending was mostly layered into the previous year, the fact that the revenue estimates were pretty conservative—none of those mitigating factors apply to the 2009-10 budget, so we're into a much more difficult situation

in putting together the budget in 2009-10 than we were in 2008-09.

In putting together the 2008-09 budget, I think the Minister of Finance may have harboured some hope that there was going to be additional money coming to the province from the federal government. I don't think anybody really expects that there's going to be much of that coming this way. If the federal government is going to be spending any extra money, it's going to spend it in areas where it thinks it can take credit, not in areas that are going to work to the credit of somebody else. So that hope is kind of diminished.

The other thing is that going into 2009-10, we have some cost pressures that have been built in that just can't be avoided. People have talked about the 3%, 3%, 3% and 3% in the education settlement. That's mitigated by the fact that enrolment is going down by about 2%, so the bottom line impact may not be as great as it might first look. But you've also got the 3%-plus, 3%-plus, 3%-plus and 3%-plus baked into the physicians' settlement, between the government and the Ontario Medical Association, which doesn't have those kinds of declining base mitigations.

What do we do with this as we head into the planning for 2009-10? First, I'd steal something from the Hippocratic oath and say that the first thing you should do is not do any harm. I think that means if there's anything we've learned in this revolution of thinking about how governments manage fiscally, it's that we shouldn't be cutting spending and/or raising taxes into the teeth of a recession; we just make things worse. Just don't make anything worse. Secondly, I think we can look at using the fiscal balance of the government to introduce some modest stimulus into the economy in two respects: I think, even to cover ongoing expenditures, we can manage a deficit that's within the structural deficit limit. What I mean by the difference between a cyclical deficit and a structural deficit—the way I look at it, anyway—is that the cyclical deficit is the difference between the deficit you actually run and what the fiscal balance would be if we were running along at full employment and regular economic growth. My rough calculation is that at this point the difference between those two numbers is in the range of between \$3 billion and \$4 billion. I would consider that kind of cyclical deficit to be manageable in the context of the current economic environment.

Secondly, I think that there's room for a truly temporary fiscal stimulus that would be over and above that, something that you would know would go away as the economy started to improve. That's the sort of general framework that I'm thinking about.

1500

To try to translate this into more concrete substance, for me, the hit parade for what might potentially be useful for governments to think about would be, certainly, not slowing down, but maybe accelerating the introduction of the government's poverty reduction program. Investments in reducing poverty pay off enormously well as fiscal stimuli. As Professor Mintz's comments make

clear, when you're stimulating the economy, you want the money spent right away. You want to get it circulating; you want to get activity going. And the closer to home that money is spent, the better. Infrastructure acceleration—and I want to emphasize the word “acceleration.” I agree with Jack that regular infrastructure spending has a justification on its own; you don't need to make any special justifications for it. In the context of a recession, the important thing is to accelerate, get things going quickly. That means canvassing the pipeline for projects that are at the point where you could issue the tenders and ramping up the spending on things that don't have to go through those complicated and sometimes time-consuming processes. I agree, the important thing is to get the money moving into the economy quickly.

Assistance for the unemployed: In the long term, I think that at some point Ontario is going to have to say to the federal government, “Either you make some changes to the employment insurance system so that Ontario is not so badly discriminated against, or Ontario is going to introduce its own supplementary employment insurance system.” The status quo is not acceptable. It's not acceptable for such a low proportion of the unemployed in this province to be covered by employment insurance. That's not a short-term proposition. In the meantime, we're going to have all kinds of people who are going to be suddenly unemployed, with limited or no access to employment insurance and finding themselves caught between a rock and a hard place because they don't qualify for EI and they can't get social assistance because they happen to own a house or a car or something that social assistance rules don't permit. So, as a short-term measure, I would propose specifically that the government suspend the asset rules in social assistance so that people who are struck with these emergencies are able to do something about them.

The last of my three big what-you-should-do proposals—I've kind of mixed together the what-I-would-do and what-you-should-do proposals—has to do with the voluntary sector. I'm on the board of a couple of voluntary organizations. I'm watching the media coverage, and I'm seeing the stories about the difficulties that people are experiencing fundraising and about the foundations cutting back on their grants. It's putting agencies that provide really important services in our communities right across the province, many of them directed toward the disadvantaged, in a horrible financial situation. I realize that it's both inconsistent with the overall purpose of these organizations and probably not good long-term government policy to provide sustaining funding for these organizations on an ongoing basis, but I think that if there's a case for emergency funding for banks to enable them to bridge over big gaps in their ability to raise deposits and make loans, then there's a case to be made for emergency assistance for the thousands of community and non-profit organizations around the province, many of whom are going to go out of business at a time when their services are most needed. So I'd suggest that a limited amount of additional government funding could have an enormous positive impact.

This is kind of a wry comment, but I suspect that given the fact that gambling in the form of investment in the stock market is out of favour at the moment, the Trillium Foundation may actually experience growth in revenue over the next little while, so it may not be as bad a hit on the government's balance sheet as you might otherwise think.

The last comment I want to make before I finish is that if you look at the financial markets—I'm sorry; I'm going to be a bit pointy-headed about this for a moment—there are some very odd things going on in financial markets that, it seems to me, provide some opportunities for the government to in some cases rethink some policies that frankly don't make very much sense, but also to make some money for the taxpayers in financial markets. I'll make two comments in that regard. One is that—

The Chair (Mr. Pat Hoy): We have about a minute left.

Mr. Hugh Mackenzie: Yes, and I'm finishing up. The economics of financing infrastructure through P3s never were very good. I've done a lot of detailed analysis of the impact of credit spreads between what P3 borrowers pay and what governments pay to pay for infrastructure structure projects. Even at the kind of historical spreads that we had, the economics were pretty bad. We're now seeing credit spreads in the financing of P3 projects that have gone from 150 or 200 basis points a couple of years ago to 400, 600, in some cases 800 or 900 basis points. At those kinds of spreads, those projects are just completely uneconomic, and I think the government should just suck it up and decide that it's going to use the expertise that has been developed in infrastructure in Ontario, really beef up the central financing agency and get those projects moving.

The last thing, and this is my really pointy-headed suggestion: One of the things that Ontario decided to do three or four years ago in financing the renewal of schools and the school system is to ask school boards to go out into the markets and borrow money and Ontario would pay them the carrying costs of the borrowing, instead of going out, borrowing the money themselves and turning it over to the school boards.

A very odd thing has happened in the financial markets; this is not something people know a lot about, because all these things trade over the counter and the information isn't that public. Right now, school board bonds in Ontario are yielding about 95 to 125 basis points more than provincial government bonds, despite the fact that the underlying guarantee is exactly the same. Ontario guarantees the school board bonds by virtue of the fact that we've consolidated school board budgets into the provincial budget.

You could reduce the long-term cost of that school board expenditure that's already been made by about 20% by buying up those bonds in the markets and then having the school boards cancel them and turn the money over to them to enable them to do it. You could do a little bit of reverse financial engineering and save the province an enormous amount of money.

Those are my remarks.

The Chair (Mr. Pat Hoy): Thank you, and now we'll go to Mr. Prue of the NDP.

Mr. Michael Prue: Thank you; that was really interesting, that last point especially. I really like that.

You talked about a \$3-billion to \$4-billion deficit as being manageable, but you also talked about a structural deficit that the government is likely to inherit in the fiscal year 2009-10 of about \$4 billion. Are you talking about an \$8-billion—

Mr. Hugh Mackenzie: No. I'm sorry if that's what you understood. I'm not as pessimistic as Jack is about what the underlying structural deficit is going to be. I think his estimate of \$4 billion is a bit high. I wouldn't add those two things together. In other words, if Jack is right, and the underlying deficit that's being generated by the weakness in the economy is \$4 billion, there probably isn't much room for additional stimulus on a sort of full-employment, balanced-budget basis. I happen not to think that it's as extreme as that. When you look at all the various elements of the forecast, I would guess that the baked-in deficit is probably something in the range of \$1 billion, maybe \$1.5 billion, which means that by my logic, the government's got room for an additional stimulus without creating a structural deficit of another \$2 billion, maybe \$2.5 billion.

1510

Mr. Michael Prue: So you're recommending \$2 billion to \$2.5 billion of stimulus?

Mr. Hugh Mackenzie: Yes.

Mr. Michael Prue: That's quite different from what Mr. Mintz had to say.

Mr. Hugh Mackenzie: To a certain extent, the difference in opinion between Mr. Mintz and me is not really material to the point that I'm making, because I don't think our difference of opinion is with respect to what the financial balance of the province of Ontario would be if we were in a normal period of economic growth. What he's saying is that what is actually going to happen may be worse than we think it is. So what that would do, in the context of the logical structure that I've put forward, is increase the size of the deficit you could afford to run without creating a structural deficit.

Mr. Michael Prue: In terms of this \$2 billion to \$2.5 billion of stimulus, you've suggested a couple of things: acceleration of projects, suspending the asset rules for those who are on some form of assistance, and monies for the voluntary sector. What amounts would you spend in each of these areas, if you were us? And I know you're not us, because you're supposed to be you, but—

Mr. Hugh Mackenzie: Frankly, I don't really know. I'm not sure—

Mr. Michael Prue: Is there a bigger bang for the buck? I've heard economists say that the best thing you can do is to give the money to the poor, because they'll spend it, and that will stimulate the economy. I've heard other ones say that the best thing you can do is build infrastructure and repairs; that's the best bang for the buck, in terms of the depression. Everybody's got—

Mr. Hugh Mackenzie: I'm going to answer your question but not answer it. I'm sorry. I'm going to apologize for that in advance.

If you look at the strict econometric analysis, what it will tell you is that the multiplier effect for infrastructure spending is higher than any other decision that government could make. Why? Infrastructure spending is the area of spending where the largest proportion of the spending is in the domestic Ontario economy, so it has the biggest effect on the Ontario economy. There's less leakage, in econometric terms, from infrastructure spending than there is in any other form of government stimulus.

Second behind that would be making transfer payments to individuals who you know are going to spend the money. That's why assistance for the poor is there. Although, for me, the primary driver behind that specific proposal—I think the stimulus part of that, in aggregate terms, would really come more from taking the broad poverty reduction strategy and saying that we're going to move more quickly on it than we otherwise would, because that gets the money into the system, and those are fairly large numbers of dollars.

I doubt very much that suspending the asset rules would be that fiscally significant, but for the families who are affected, it could be of enormous benefit. It's not the best way, by any stretch of the imagination. I wouldn't describe it as the best way to provide assistance to people who are unemployed. The problem is that the weaknesses in the employment insurance system, particularly as it applies in Ontario, are going to put lots and lots of people who are made unemployed by the economic downturn in this no man's land where they don't have an EI entitlement or they've run out of EI entitlement; they're looking around for another job. They're not going to get another job until—my figurative language—people in Kansas start to buy cars again. There's not much anybody can do about that except people in Kansas. And—

Mr. Tim Hudak: Trucks. There are trucks in Kansas.

Mr. Hugh Mackenzie: No, actually—yes, I suppose; trucks too.

The Chair (Mr. Pat Hoy): We're going to have to move along to the government side.

Mr. Hugh Mackenzie: See, you made me lose my last point.

Interjection.

Mr. Hugh Mackenzie: Well, I'm going to finish answering his question. Go ahead and ask yours, and I'll finish answering his.

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

Mr. Charles Sousa: Thank you, Mr. Mackenzie. I appreciate your being here and providing your comments. You know, in Ontario we've been having to undergo this a bit longer than some other jurisdictions in Canada, and certainly we've managed the process a bit longer than some, given the challenge in the manufacturing sector. And I appreciate your comments around this being a revenue squeeze as it's relating to corporate revenues falling and not receiving the tax, and not

recommending tax increases. That's certainly something we don't ascribe to, but at the same time trying to invest in infrastructure projects and in training and in social services to stimulate economic growth and economic activity. I think that's what I'm hearing from you, and I like some of your ideas with respect to increasing EI. Those are things that we've been asking for. You've rightly stated that the feds probably won't come to the table, though, as it relates to some of the disparities that we find here in Ontario.

Even though we're taking into consideration—we're eliminating the capital tax on a retroactive basis to try to help some of our businesses, and while we still enjoy a lower tax rate in Ontario relative to some other jurisdictions—it's certainly lower than the federal counterpart's—the previous speaker spoke about reducing consumption tax as an alternative, as has happened federally with the GST. I guess my question to you is, do you see Ontario as having been operating in an effective manner given the circumstances? And I appreciate where we still have to go. Are the federal programs or what we're looking for appropriate?

Mr. Hugh Mackenzie: Okay. Let me try to get at it from a couple of different angles. I don't think I would get any argument if I said that what everyone does with corporate income taxes doesn't have anything significant to do with the stimulus that we require now. I don't think I heard Jack say that consumption taxes should be reduced. Partly because he wasn't making that the focus of the presentation, he didn't get into the details about why he's so upset about the retail sales tax, but it has to do with some cascading effects. If you've seen any of his stuff, it has to do with some cascading effects that retail sales taxes have in the cost of business investment.

As far as the federal government is concerned, over a relatively long period of time, over the last 15 years—and some of my friends on the left get really upset with me when I say this because they love the federal government—my quick and dirty comment is that over the last 15 years the federal government has been gradually putting itself out of business as it relates to issues that are under provincial jurisdiction, and that has some significant implications for Ontario. You never heard Mr. Harper exactly say this, but the implicit message behind Mr. Harper's refusal to increase grants to the provinces and his insistence on pursuing the cuts in the GST is a message to the provinces saying, "If you want additional money, there's the tax room. Fill it up, take up the tax room, raise the revenue, take political responsibility for it and spend the money on the services that you say your citizens want." That seems to be the message from the federal government. I don't think that's a particularly good nation-building position to be taking, but that's what it is.

A similar kind of logic, I would say, applies to unemployment insurance. It's an area of federal jurisdiction, but the numbers tell you that the program isn't serving Ontario. Sometimes my friends in the insurance industry get upset with me when I use this analogy, but if you

think of unemployment insurance on an insurance analogy, for a person who's unemployed in Ontario, it's like if you have a fire in your house and you phone up the insurance company, and the agent says, "Hang on just a second," and you hear something rattling in the background. He says, "Well, I just rolled the dice. You had a 3-in-10 chance of getting your house covered for fire insurance. Sorry, you didn't get it"—so you don't get any coverage. We've got a kind of lottery system for unemployment insurance coverage.

There's a precedent for provincial governments getting into the unemployment insurance game. Quebec has negotiated a deal with the federal government to remove maternity benefits from the employment insurance program; they deliver their own, and the program operates differently there.

1520

If an objective look at the rules and the structure of the employment insurance system as it operates in Ontario, say—that the structure of the employment insurance system may work fine in Newfoundland or Nova Scotia or Prince Edward Island or in rural Quebec, but if the numbers tell you it's not working with the labour market as it's structured in Ontario, then I think Ontario at some point is going to have to—at some point, you have to stop beating your head against the wall. At some point, you gotta say, "This strategy isn't working."

The objective, frankly, is not to make the federal government look bad. The objective ultimately is to deliver some benefits to people who need them.

The Chair (Mr. Pat Hoy): And now we'll move to the official opposition. Mr. Hudak.

Mr. Tim Hudak: Thank you, Mr. Mackenzie. I did distract you with trucks in Kansas—

Mr. Hugh Mackenzie: I've forgotten what it was. Unless Mr. Prue is really insulted by the fact that I didn't quite finish answering his question, you can go ahead.

Mr. Tim Hudak: One of the tools that the current government has brought forward is economic development funds. Potentially—there have been some for auto already, potentially a bailout for the Detroit Three; there's forestry sector funds etc. Largely, they have been dramatically undersubscribed, some of them less than 20% after a couple of years.

Do you have any comment on the advisability of that tool or improvements that need to be made in it?

Mr. Hugh Mackenzie: In the notes that I wrote up for myself, I had a category of government activity that I didn't actually spend much time talking about, that I call "Keep the lights on." Let me just sort of unpack that a little bit.

Our economy is so integrated with the economy of the United States and the economies of other countries that, metaphorically and literally, our economy is not going to improve dramatically until people in Kansas start to buy cars again, or trucks, depending on whether they live in Kansas City or elsewhere.

That's the reality, so what that means is that there isn't a whole lot that the government of Canada or the gov-

ernment of Ontario is going to be able to do to make people in Kansas start to buy cars.

What we can do is our level best to make sure that when people in Kansas start to buy cars, we've actually got factories here that can produce the goods that people in Kansas want to buy.

The scariest thing about this recession that I've seen, and it was really highlighted—you probably saw the story in the Toronto Star on either Saturday or Sunday last weekend, where they did a feature on a plant in southwestern Ontario that had shut down. You see this picture of this—like, a couple of acres of plant with not anything in it. Everything was gone—there wasn't a desk; there wasn't a piece of equipment—there was nothing there. The reality is that even if the demand for the product that was being produced in that factory recovered, it ain't going to be produced there, because the equipment is gone.

I think one of the constructive things that a government of Ontario could do, because it's closer to the ground than the federal government, is create a pool of money that I call the "Keep the lights on" fund.

What I would do—I mean, if you made me king for a day and let me go ahead and do this—I'd create something like a jobs commissioner, or create some function, whose job it is to find out what's going on as early as we possibly can so that we can start having conversations with the people who own those businesses and say to the people who run the injection moulding plant: "What can we do to keep you from selling that moulding equipment to China? What can we do to convince you to leave the lights on, leave the heat on in the building and leave that equipment bolted to the floor? We're not telling you that you've got to keep producing moulded bumper parts that nobody wants to buy. And we're not going to buy moulded bumper parts from you to keep you—but what kind of a deal can we make that will convince you to hold off on your plans to get rid of the equipment, to hold off on your plans to get rid of the equipment, to hold off on your plans to turn off the lights and just see what happens?" Maybe the restructuring that takes place in the auto industry is going to be such that that kind of activity doesn't recover, but it's really difficult to predict that.

If you had told me in 1982-83 that by the late 1990s Ontario would be more dependent on auto industry parts and assembly for employment than it was in the late 1970s, I would have said, "You're out of your tree; that can't"—but it did. A combination of exchange-rate changes and structural changes in the industry and the growth of the transplant plants and all of that stuff—surprise, surprise: By the late 1990s we actually were more intensively engaged in the auto sector than we were in the early 1980s. I don't know too many people who would have predicted that. So you don't know.

The point is that, once the lights are off, the pipes have frozen up and the equipment has been unbolted and shipped off some place, those jobs aren't coming back.

To your point about the lack of take-up, I think one of the problems is that for that kind of assistance to be useful you can't devise a complicated program for de-

livering the assistance. What you've got to do is give a group within the government or a group within the government with advisers from the outside enough flexibility so that they can go to the ABC injection moulding plant and just say to them, "What do you need? Do you need us to cover your property taxes for a couple of years? Do you want us to pay your electrical bill for a couple of years? What do you need to do in order to keep you from doing something that's irrevocable?"

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

Mr. Hugh Mackenzie: Thank you, and thanks to the committee for the invitation again. I always enjoy it.

TORONTO BOARD OF TRADE

The Chair (Mr. Pat Hoy): Good afternoon.

For the committee, the Toronto Board of Trade representatives have just arrived and are getting seated.

You have 10 minutes for your presentation. There could be up to five minutes of questioning following that, and I would just ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

Ms. Carol Wilding: Thank you for the opportunity. It's Carol Wilding, president and CEO of Toronto Board of Trade. Joining me is Richard Joy, our vice-president of policy and government relations.

Thank you for the opportunity to offer you our perspective and recommendations to inform the development of your 2009 Ontario budget. We will not be making a written submission at this time, but our presentation will focus on the key points that will form the basis of our positions.

Just as a point of background, the Toronto Board of Trade is Canada's largest local chamber of commerce. Our membership consists of nearly 10,000 companies and business professionals, representing businesses of all sizes and virtually all sectors operating throughout the Toronto region.

Our members are feeling the impact of the economic uncertainty brought upon us in the wake of the unprecedented worldwide credit crisis.

We recently asked our members to tell us the top three actions they feel the provincial government should take to address this pressing issue: 62% said greater investment in infrastructure should be a top priority, 50% pointed to investment in skills development and retraining, and 46% favour reducing business taxes. We have recommendations in each of these three areas.

Infrastructure: The board believes that there is an urgent need for more infrastructure investment to efficiently move people and goods throughout our region. For the last several years, our members have identified gridlock and congestion as their number one issue, and with good reason. According to Metrolinx, traffic congestion costs the region approximately \$6 billion annually.

1530

The provincial government has made remarkable progress over the last four years with respect to its support

for public transit. Infrastructure spending has increased manyfold, and we certainly welcome that. The board of trade has supported all of the steps the provincial government has taken today: the creation of Metrolinx in 2006; 2007's \$4.5-billion flow announcement in conjunction with federal and municipal partners; the \$11.5-billion Move Ontario 2020 infrastructure vision; and the \$745-million funding of the so-called quick-win projects in the 2008 spring budget.

We know that the Ontario government recognizes that much remains to be done. Right now, the shortfall of nearly \$40 billion in funding for the recently released Metrolinx regional transportation plan stands as a major barrier to getting shovels in the ground. To date, there has been no firm commitment for ongoing funding.

We believe the private sector must play a key role here. The reality is that transit can only go so far on public funding. Partnerships with the private sector, for both financing and governance, can help propel this bold transportation plan down the road to implementation.

The board of trade is calling on the two-year-old Metrolinx board to follow the path of other highly effective and successful organizations, such as Vancouver's TransLink, and change the makeup of its executive, as the objectives of the agency shift from planning to implementation. The board of trade is also calling on the federal government to contribute its fair share—at least the \$6 billion that the Ontario government has asked them to contribute.

Tax and regulatory reform: Given Ontario's size and its importance to our national economy, the province must begin to focus on tax competitiveness to enhance economic growth. Today, Ontario has one of the highest corporate income tax rates among the provinces and its global competitors. This province also has a comparatively prohibitive retail sales tax on capital purchases.

Our recommendations to the government of Ontario include: expediting further reductions of the business education tax rate across the province; harmonizing the retail sales tax with the federal GST; demonstrating strong support for a single national securities regulator and offering to work with the federal government to put it in place; lowering the corporate income tax rate; and eliminating the Ontario corporate minimum tax.

I won't expand on all of these points today, but I would like to address the area of business education tax in some detail. The board of trade has long been an advocate for reductions in business education taxes, and we welcomed the province's 2007 announcement regarding significant reductions to the wide variation in BET rates, along with the implementation of a \$540-million phase-down of high BET rates over the next seven years. This commitment reduced BET rates in 321 municipalities across the province and benefited more than 500,000 businesses of all sizes. However, Toronto still sits well above the rates of competing jurisdictions. Our city will not benefit from this phase-down until 2012.

Looking comparatively at the rates for various municipalities, Toronto commercial business property tax-

payers are still paying a rate that is 30% higher than the GTA average. Toronto's business taxpayers do not receive a higher level of service than those outside the city, nor do Toronto's publicly funded schools benefit from businesses paying a higher rate of education taxes. Given the current economic downturn and the difficulty in attracting business and investment to Toronto, the 2014 timeline for reduction in BET needs to be expedited to ensure businesses can remain competitive in challenging economic times.

As noted in the 2007 Ontario budget: "This initiative is a key element in the government's overall strategy to enhance Ontario's investment climate and builds on the proposal in this budget to accelerate the elimination of the capital tax to July 1, 2010. The BET reductions will improve the competitive position of Ontario businesses, create new jobs and strengthen the provincial economy."

Education: The Toronto Board of Trade is advocating that the provincial investment in post-secondary education be raised to meet the national average. Despite its status as one of Canada's wealthiest regions, Ontario devotes fewer resources on a per capita basis to higher education than all other provinces. We also encourage increased investment in post-secondary research to ensure that Ontario remains competitive in the global knowledge economy.

While the Toronto Board of Trade acknowledges and supports the critical education investments provided in recent budgets, the province must continue to make investing in post-secondary education a priority. We recognize that this type of investment takes substantial dollars. Even though the province is saddled with a deficit and a substantial fiscal gap, we believe this is a necessary investment for our long-term prosperity.

The board of trade was pleased and applauded the province's recent historic announcement that it will reverse the financially devastating municipal downloads of a decade ago. We are particularly pleased to see the volatile costs of welfare benefits lifted from the property tax base. However, we are concerned about the 10-year phase-in of this upload.

We commend the province for its bold action plan to reduce child poverty by 25% in five years. At the same time, we remain concerned that in this time of economic upheaval, Ontario will likely see a spike in welfare caseloads in the near term. Over the next decade, the brunt of this load will be borne by Ontario's largest urban centres, where welfare rates are already disproportionately high. We are calling on the province to consider measures that would shield municipalities from the impact of such an unmanageable liability.

Finally, the board of trade is exploring an interesting and innovative policy that is currently in place in Ireland and was in place in the UK. This policy is designed to incent private venture capital investments, which have rapidly dried up in just a few short months due to the economic downturn, a very troubling development that is driving a stake into the heart of our hopes to evolve an innovation economy. Our submission will provide greater

detail, but essentially the Irish policy provides individual investors with income tax relief on investments into non-IPO companies up to a capped limit of, say, \$250,000 per year. The idea is to encourage individual capital to flow to companies where traditional money markets are shy to venture.

With that, Mr. Chair, I will end my remarks and open it up to questions from the committee.

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

Mr. Tim Hudak: Thanks very much to the Toronto Board of Trade for the presentation. I think it's always important, too, to note in discussion of exchange of services that in the 1990s the province also uploaded about \$3 billion in education costs and took away that guaranteed double-digit property tax increase that school board trustees always put on residential property owners, as well as businesses. The reason Toronto's BET is so high is because that old system was done away with under the previous PC government.

The McGuinty government gave the city of Toronto new taxation power to tax people buying homes, and on alcohol, tobacco and parking. Correct me if I'm wrong, and I hope I am: Didn't the board of trade take a positive position on that? Did you actually support these tax increases? Most of your presentation is about lowering the tax burden.

Ms. Carol Wilding: Going back to the City of Toronto Act, in terms of the powers that that brought, the board of trade was very involved in putting the City of Toronto Act together, as one of the parties to it, which did enable the city to bring in and consider additional revenue tools.

Mr. Tim Hudak: Did you support the new revenue tools, though?

Mr. Richard Joy: If I could just expand: That's correct; the board did support the broadening of revenue tools for the city of Toronto. But that was, and is, consistent with a number of think tanks—TD Economics, C.D. Howe and others—who believe that municipalities should have a broad array of taxing powers but not necessarily that the overall tax burden should go up. That might be in place to facilitate the tax points and shifting to create tax room and occupy tax room.

Mr. Tim Hudak: Which wasn't done, right? I agree with the majority of your presentation, in that lowering the tax burden will help businesses and create jobs in the city of Toronto and such. That's why I found it curious that the board of trade was supportive of the new taxes. I don't think C.D. Howe and such would ever have discussed the benefits of a land transfer tax or a tax on alcohol or theatre tickets—that sort of thing.

Mr. Richard Joy: It's not inconsistent. I don't think the board has ever supported a greater overall tax burden; it just supported the notion that, rather than transferring funds from senior levels of government down to municipalities, which is sort of the norm, that be done by transferring tax points, so that there would be tax room created at senior levels of government to absorb the tax

increases and everything nets out at no tax increase. That, again, is very consistent with a lot of—

1540

Mr. Tim Hudak: You mentioned Vancouver's TransLink proposal in the board makeup. They have taxing authority, right? TransLink in British Columbia can levy taxes on businesses and residences, and I think the board is appointed; they're not politicians. Do you, in effect, support taxing authority for Metrolinx? Do you think Metrolinx should be able to levy taxes?

Ms. Carol Wilding: I think Metrolinx needs the legislative powers to be able to take in a variety of sources of revenue and to control the flow of that revenue out to the various projects and programs.

In terms of specific revenue sources, I think it's not politically palatable, and nobody is really in a rush to have the conversation around potentially what congestion charges or other types of fees would look like. I think that's something that dialogue should probably begin on sooner than later, but we have the province's commitment of the \$11 billion that we're saying we need to get on with, and we have already begun discussions with the feds around the \$6 billion. That, in and of itself, won't deal with all of it, as we've said, but there are opportunities, as well, through P3s or AFPs—the alternative process—to bring private money into it as well. So we would certainly support that.

Mr. Tim Hudak: I think you made an important point about relieving congestion and the city of Toronto opening up transportation routes so that customers can get to businesses and products can get back and forth. As part of that, do you see an increase in road capacity or highway expansion? Is there room for a new route into the city of Toronto?

Mr. Richard Joy: I think that, in part, is why Metrolinx exists: to do that very kind of planning. I think it's sort of not necessarily the board's expertise to give transportation advice, but the Metrolinx authority on transportation planning is quite broad and could include more than just transit.

Mr. Tim Hudak: But it hasn't to date, right? It's been very transit-focused, which is important, of course, but they haven't recommended any highway improvements in the city of Toronto or into the city.

Mr. Richard Joy: That is true, but it's their mandate to take that evidence and produce the kind of recommendations that they do. That's the purpose of that board.

Mr. Tim Hudak: But do you have an opinion, in terms of expanding highway capacity into the city?

Ms. Carol Wilding: No. Our submission around that didn't go down to the level of detail as to which lines on a map or which roads or exactly what the system needs to look like. To Richard's comment, we're looking for the experts to make sure those pieces are there. I think the connectivity in the regional piece is the important piece to making sure it really is a regional system and to get on with the series of priority projects that are there. That's where a lot of our response has focused, along with the governance and the funding pieces.

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

COMMUNITY SOCIAL PLANNING
COUNCIL OF TORONTO

The Chair (Mr. Pat Hoy): I call on the Community Social Planning Council of Toronto, Workfare Watch Project.

Good afternoon. You have 10 minutes for your presentation, and there could be five minutes of questioning. I'd just ask you to identify yourself for our recording Hansard.

Mr. John Campey: Thank you very much. My name is John Campey. I'm executive director of the Community Social Planning Council of Toronto. The Workfare Watch Project is a project that harkens back to a former provincial government, so I'm pleased to be continuing the work that initiative took on behalf of marginalized communities in the province. I'm very pleased to have the opportunity to speak to you today, and thank you very much for the opportunity.

The Community Social Planning Council of Toronto is a non-profit community organization targeted at improving quality of life for residents in Toronto through engaging in research, policy analysis, community development and civic engagement. Our primary policy focus is on poverty reduction, income security, good jobs, affordable housing and strong public education.

The council appreciates the opportunity to present today to the Standing Committee on Finance and Economic Affairs with respect to the 2009 budget. There's an element of serendipity in the fact that we've ended up making this presentation on the day that the government has released its poverty reduction strategy. Some of my more raucous colleagues are out in the hallway at the moment, sort of responding to the release of that strategy. We support the government's initiative to significantly and measurably decrease poverty in our province, and hope that the 2009 budget will begin to put some flesh and sinew onto the promising skeleton that was announced earlier today.

The time to act boldly is now. As the world faces uncertain economic times, one thing is certain: We cannot afford to let those with the least be the hardest hit. It didn't work in the last recession, and it won't work now. We must invest in our most valuable assets: the people of Ontario. Prior to the slash-and-burn approach of the mid-1990s, government response to a recession was to improve conditions for the poorest Ontarians, not to wait until financial times improved to think about those who were in greatest need and getting left behind.

We know that this government cares, and we applaud the province's commitment to poverty reduction, but we need a bold plan of action, not reduced expectations. It's not just the advocates talking; most Ontarians want leadership on poverty reduction. In fact, in a recent poll, more than 80% of people in Ontario think that, in a recession, helping the poorest among us is top priority.

Almost 90% said that they would be proud if Premier McGuinty took the lead on reducing the incidence of poverty in our province, and more than half of Ontarians think reducing poverty by 25% in five years is the right way to go, with another 25% thinking that we should reduce poverty even more in that time frame.

As jobs disappear and people see their savings depleted, they want to know that their government will be there for them in hard times. They want to know that their leaders have a plan not only for the businesses but for the average family facing tough times. They also know that lifting people out of poverty and preventing more from becoming poor is the right thing to do.

The Community Social Planning Council of Toronto is a partner in the 25 in 5 Network for Poverty Reduction, and we fully endorse their tests for a successful poverty reduction strategy. We identified the need for:

- a target of reducing poverty by 25% in five years and 50% in 10 years;
- a measuring stick to monitor progress;
- policy commitments that address sustainable employment, liveable incomes for all and building strong and supportive communities;
- legislation and accountability; and
- a commitment to a down payment in the 2009 budget.

The commitment to the target of reducing poverty by 25% in five years is possible, and makes Ontario a leader in poverty reduction in Canada and internationally. To monitor progress, existing measures such as the low-income measure, the low-income cut-off and the market basket measure can be used. Along with these measures, tracking progress in key policy areas will contribute to success in reducing poverty. Making sure we're on track also means annual follow-up and accountability measures, including annual public reporting on progress and ongoing public consultation.

We applaud the government today for substantially addressing these tests identified by 25 in 5, but we wanted to take this opportunity to highlight a few other key measures that we believe should be incorporated into the 2009 budget to address what continues to be growing inequality and poverty in our province.

The first is a desperate need for increased financial support to individuals living on social assistance. Ontario Works and Ontario disability support program payments remain well below inflation-adjusted levels for 1995. The measures announced today promise substantial, positive change for individuals on social assistance, but those measures will not help them pay the rent, feed the kids or heat their homes for this next year.

The second is a plea to expand and fast-track the supply of affordable housing in Ontario. A variety of initiatives are on the table to rehabilitate and expand the existing social housing stock, and full advantage should be taken of these to get more Ontarians into safe, decent and affordable homes.

Planned investments in early childhood learning and increased support for quality affordable child care are

also critical to securing our progress as a province. Fortunately, all of these investments will also put money into the pockets of low-income residents in our province, providing exactly the kind of targeted stimulus needed at this time of economic crisis.

The other new investments announced in today's poverty reduction strategy are also most welcome, but it is not just these measures that are needed. The community organizations that support people in need are also key partners in poverty reduction. Community agencies have always been there to help Ontarians in tough times and help them to get back on their feet. But these agencies have also been affected by the cuts of the 1990s, relying on patchwork project funding and facing onerous administrative requirements that cost many organizations almost as much as they receive in funding. We need to ensure that there is core stable funding that will enable these valuable community assets to make the long-term contributions needed to build a stronger Ontario during tough times.

1550

I just had the opportunity to hear the tail end of Mr. Mackenzie's presentation, when he was talking about the need for some sort of fund to support non-profit community organizations that are seeing their charitable funding decrease at exactly the same time as need is increasing. He wasn't aware that there's a group of front-line agencies that have come together, the Recession Relief Coalition, that will be putting in a request to both the federal and provincial governments to address exactly that concern. It's a coalition being led by a quite prescient downtown Bay Street business person. It was the first time many of us had seen the view from the 46th floor of Commerce Court. It's an opportunity, I think, to bring together business, government and community to address what's going to be a really significant need over the next year.

We know that change doesn't happen all at once, but Ontario needs to make a down payment now, in the 2009 budget. The erosion of the social safety net by the previous government has never been fully repaired. As the cost of living keeps increasing, those who have the least fall further and further behind. In the 2009 budget, you have the opportunity to affirm that we can weather the economic crisis and emerge strongly as a province.

Thank you very much for the opportunity to speak to you.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Prue of the NDP for questioning.

Mr. Michael Prue: I was at the news conference today, and we had a discussion yesterday, and to no one's surprise, I was more disappointed than you by what was done today. I was disappointed because Breaking the Cycle dealt almost exclusively with child poverty and had almost nothing to do with other people who are in poverty: the disabled, people without children, the homeless, aboriginal communities and the like. What you've said here is in terms of child poverty, but you went on to talk about increasing the rates and building social hous-

ing and other things. Did you think they were reflected today at all?

Mr. John Campey: I think they were reflected in the body of the document, in terms of other areas for action. One of the reasons I wanted to speak to you today, or in the context of the budget, was that they are identified as part of the skeleton and the framework, but we are very much hoping and anticipating that that will be fleshed out in budget allocations in 2009. They're clearly areas that need to be focused on.

I think there's a recognition that children don't live in isolation from their families or the communities around them and you can't effectively address child poverty without addressing poverty in a much broader way.

Mr. Michael Prue: Of course. But only 5% of people on ODSP actually have children; 95% of ODSP recipients, either because of their age or because of their infirmity or whatever, don't have children, so I'm just sort of feeling that they've been left out.

Mr. John Campey: That's one of the reasons why this presentation addresses the need for a significant increase in social assistance.

I would encourage the committee to look beyond specific percentage increases, because those have a certain political challenge with them, and we accept that. There are ways of putting more money in the pockets of the very poorest in the province that can be framed other than just an X percentage rate increase; for example, looking at something that addresses the fact that food bank usage is skyrocketing, that addresses the cost of food for individuals on social assistance. There are ways of framing a supplement that would be, perhaps, less politically toxic and provide more opportunity for actually putting money that's needed in the pockets of people living in poverty.

Mr. Michael Prue: One of the things that I have suggested—and exactly on that point, not doing a percentage, but looking at the actual cost of housing. Many years ago, Anne Golden suggested that the amount of money that was given to ODSP and OW recipients should be 85% of the cost of housing in a particular locale. In Toronto, for a one-bedroom apartment, that 85% may be close to \$800 today, or \$750, whereas in other locations—I was just in Windsor last week. For a one-bedroom apartment—I saw a big sign on a brand new building—they were talking about \$550. So 85% of that would only be about \$500. Is that the kind of thing the government should be looking at: increasing the housing portion of ODSP and Ontario Works, as opposed to just giving a 5% increase?

Mr. John Campey: I think that would certainly be helpful. One of the striking things, in terms of the difference in poverty rates between Ontario and Quebec, for example, is the differential cost of accommodation. It's much more expensive in Ontario, so the same or similar payments in social assistance will go much further in Quebec. Anything that acknowledges the kind of significant differences there are in accommodation costs, I think, would be useful, particularly for the people who

have to bear the brunt of that, who are the ones in Toronto and the other large urban centres.

Mr. Michael Prue: You went on, finally, to talk about the community agencies. You're right: Mr. Mackenzie did talk about the need to support community agencies in this time of economic downturn because they're going to be needed even more than ever, and the fact that because so many of them have not had meaningful augmentation of rates and monies available to them, some of them may go under when they're most needed.

Do you have any indication—we are the finance committee; we look at money—how much money, in your view, that might require?

Mr. John Campey: It is a very real concern. Just to put it in a little bit of context: United Ways across the province raise approximately \$200 million a year. The majority, about three quarters of that, goes directly to core support for agencies. The entire core support that's available at the moment would be in the order of \$150 million, so some percentage of that would be most helpful. I wouldn't want to put out a particular figure, but that will give you some sense of the kind of scale to match the kind of core investment that the United Way makes across the province. Most of the core capacities of charitable organizations would be on that order.

Mr. Michael Prue: So we're looking at a relatively small amount—\$20 million, \$30 million would definitely—

Mr. John Campey: That would make an enormous, enormous difference.

Mr. Michael Prue: An enormous difference. Okay.

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

Mr. John Campey: Thank you very much.

CANADA'S ASSOCIATION FOR THE FIFTY-PLUS

The Chair (Mr. Pat Hoy): Now I call on Canada's Association for the Fifty-Plus.

Ms. Susan Eng: In fact, our name has changed to simply CARP, because we are representing people from the age of 45-plus, the last of the boomers, and it means that we are representing a huge demographic.

I have, really, some broad focus. First of all, how important it is: The demographic of the 45-plus represents 14.5 million Canadians, or 42% of the Canadian population, of whom 5.6 million live in Ontario. There are 4.6 million Canadians who are 65 years of age or older, and 1.8 million of them live here in Ontario.

Today, the province issued its poverty strategy, and we certainly welcome that, but we noticed that there was but one paragraph that mentioned seniors in the long document, and the language was that only 3% of seniors live in poverty. Well, that's 58,000 Ontarians, so it is an important sector that is very important for us to keep in mind.

I provided a written presentation but I would like to highlight a few points, the most important of which is

that we're speaking of a demographic—the 45-plus, including all the way up to the older members—of people who have been very dynamic, who are the most avid voters; 70% of the eligible voters vote regularly. They represent a very politically engaged group. Their spending power and authority is also a great impact on our economy.

Our recommendations here today are not for major spending, which might be a surprise to you, given that it's the budget committee, but for a realignment of public spending so that we can lever the enterprise and the priorities of people who have already been making great contributions and wish to continue to make contributions to the economy.

We're not losing sight of those who need income supports. We are gratified to see that there is a poverty strategy that has been announced, and we would encourage the province to gather in the plight of seniors as well.

Finally, this is an opportunity, in this economic crisis, for real federal-provincial co-operation. With the shenanigans in Ottawa, as we witnessed, I'm sure that it is a lesson to all provinces to use this opportunity to show co-operation and get at some of the larger issues that require us to actually operate across the different jurisdictions.

On the economic front, to deal with the economic crisis that's in front of us, we have a number of recommendations, some of which will provide some immediate relief and some of which will provide some long-term protections, most of which will not cost the province very much money.

1600

For example, one of the things that CARP has been on the record asking for for some time is the full unlocking of life income funds to allow people to use their money as they need it. To the extent that you have to phase in that unlocking process at present—it is 25% here in Ontario; 100% in Saskatchewan, for example; and 50% at the federal level—then at least we move that cost that you charge now for people asking to have their funds unlocked on compassionate grounds. Currently, there's a bureaucratic process plus at least a \$200 fee. For people in dire need, that's really salt in the wound. This measure would not cost the government any money; in fact, it might earn you some tax revenues as people start spending their savings on things that they need.

The next is pension reform. The Arthurs commission, the expert panel on pension reform, is something that has dealt with the issue of pension reform in a most comprehensive fashion. I would, with very few exceptions, say that CARP has fully endorsed all of its recommendations, and we encourage the province to work with your provincial and federal counterparts to move on those recommendations. They've touched some of the more difficult issues in pension reform and they've done them properly. The most important thing coming out of that for us is to remind the policy-makers that there must be room at the table for retirees and their knowledgeable representatives. This is true, also, in respect to the commission and our call for a pension summit of all the

federal and provincial finance ministers in this case to look at the issue and get started on it, but make sure that the interests of plan members and retirees are represented at the table.

We endorse this province's call for a national securities regulator—I have always done so—but it's also important to us that there be an enforcement capability so that the regulations that you pass are capable of enforcement.

Finally, for those people who don't even have pension plans to worry about in this chaos, work with the federal government to provide a universal pension plan, a defined benefit plan, with access to everybody, based upon the architecture of the Canada pension plan.

For low-income seniors, we have a number of recommendations. This province had already indicated in its last budget that there be a \$250 to \$500 property tax grant for low-income seniors, and that certainly goes a long way to helping. However, with the massive increases in property taxes, it may need a great deal more relief, and we are encouraging the province—once again, this is not going to cost the province very much money—to encourage the municipalities to provide relief. I know you have a provision that says that they should have a bylaw that provides relief, but it's a patchwork; it's a bit here, it's a bit there, some have none, and hardly anybody seems to know about it because we get calls in the office all the time and then we have to check their postal code to see if they can possibly get any relief.

Relief from poverty: Your strategy today, as I mentioned, focuses on children, which is very admirable; it's important. However, there was hardly any mention of seniors. We are recommending that the guaranteed annual income system payments, currently at \$83 per month, be increased so that the guaranteed level of income at least meets LICO. At the moment, it falls well behind in the larger municipalities. With seniors, there are issues around the fact of drug coverage and that kind of thing, which makes it nearly impossible for them to make ends meet. This is an area which I think needs some urgent attention, and we would look forward to seeing a comprehensive strategy such as you have indicated for removing child poverty to apply equally to seniors.

Another question that low-income grandparents face is kinship allowance. The province has, in its wisdom, provided a small amount to assist grandparents who are obliged by family circumstances to look after their grandchildren. We have always recommended that this amount should not be a discretionary amount. It should be at least equal to what people get for foster parents; strangers looking after children get more money than this. Right now, there is a concern that even the small amount that grandparents are getting is being removed based upon an interpretation which we think is unfair, so we encourage assistance in that way.

There are a lot of older adults who would like to keep working, sometimes because they have to and sometimes they simply appreciate the dignity of work. I don't have

to tell you, I imagine, that here it's not a function of whether or not their work is valuable but a function of ageism; it's quite simple. What we are recommending is to assist, at least at the provincial level, with laws that will assist in relation to their health plans, their job match, skills development and so on that allow older workers to stay employed and employable and also to encourage employers to have innovative programs that will assist them keeping the knowledge and experience of older workers.

The area of health and wellness is where you may have to think about additional spending. But once again, a reallocation of your budget to the priorities here might provide some relief. The major challenge facing our demographic today is home care or caregiving. At the present time, the concern is that individuals are not only looking after their children but often looking after parents or spouses, and they would prefer to look after them at home.

Currently, the system acknowledges that, but the processes available to actually assist in doing that are yet to be found in adequate levels, with the result that a lot of people line up to get into long-term care. There are currently 24,000 Ontarians waiting for spaces in long-term care. Many of them are waiting because they figure that by the time they get there, they're going to need it. So they're lining up before they actually need it.

Our recommendation is to better develop home care so that people may never have to go into long-term care if at all possible. That means there needs to be better spending and targeting for home care, funding for doctors to make house calls, supportive housing where there is on-site care personnel and actual stiffer enforcement of long-term-care standards, so that beds that are in substandard homes are reallocated to those that are actually meeting the promise of a home away from home.

We would also encourage the development and adoption of a national strategy of pharmacare, so that there is a universal drug plan to replace the currently very expensive patchwork. We also encourage the province to revise its regulations on out-of-country health coverage, which currently provides an outlet for those people who are unable to find medical coverage on a timely basis within Canada to be funded to go outside Canada, but the regulations that require absolute prior approval are undermining the proper goals of that program.

In our view, we believe that many of the recommendations we have here do not require massive new spending of public funds. However, they do need a realignment of political priorities, and we believe it is high time that people who have been contributing to the economy for all their lives can see that the public system will be there for them when they need it. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Thank you very much for your presentation. As I look around the room at the committee members, there are one or two of us who could probably be members at this point, but we would be in the minority.

Ms. Susan Eng: Yes, you only have to be 45.

Mr. Wayne Arthurs: I and maybe one or two others around this table would definitely be in the minority as to those who would be eligible.

Mr. Tim Hudak: Name names.

Mr. Wayne Arthurs: I need just look around, without even turning my head left or right.

Thank you so much for the presentation. You covered a lot of territory in the relatively short period of time that was available to you. I assume you're referencing extension of the mandate to take into account those who are in mid-life and working toward other activities. Certainly the unlocking of LIF/RRIFs is a positive move we hadn't done before that we're moving on. I would suggest there's further conversation that should go on in that regard, particularly in light of the fact that if we want to do things co-operatively with the federal government, that might be sort of a next step we might want to look at. I recognize what Saskatchewan has done on that front, but from my perspective at this point in this committee, looking at that might be one area that would be of particular interest and, in today's economic climate, of particular benefit given what we're going through at this point in time.

When I hear the Arthurs report, I quickly identify the fact that it's not a family member. I wish it was, at times; I wish I had some of the skills he has. But you've got a couple of reference points on pension reform and a pension summit. Can you take a minute to just expand a bit on things you're seeing there that you like and how you might see a pension summit working?

1610

Ms. Susan Eng: Absolutely. The importance in pension reform is that there are a number of issues that are really coming to light in this economic crisis, things that have been ignored in the past.

The biggest issue is the matter of surpluses, non-existent at the moment, but when surpluses exist, that they actually are protected against a rainy day, which would have helped in the current crisis. That is something that the Arthurs commission actually dealt with. It has always been the third rail in pension reform because the debate is whether employers or employees own that surplus. That's an important aspect that he has offered some solutions for, which we think is important.

Guarantees on bankruptcy—we heard that exact example. General Motors is one of those where we never used to pine for well-looked-after defined benefit plan members like CAW pensioners. In fact, they have to consider, if somebody as big as General Motors were to go bankrupt, what would happen to their pensions. They would not be in a position to fund a pension deficit, and their pensions might go missing. This is the issue that has come to light.

In the past, had we tried to explain this to anybody, nobody would have paid attention, because why would General Motors ever default? Right now we see prime examples of the issues that have been nagging pensioners in relation to defined benefit plans even for quite some time.

The other thing that was important about the Arthurs commission report was the acknowledgement that there are a lot of people who don't have pensions to worry about. These are people who worked in industries where there wasn't a pension. The CPP goes to a maximum that does not include them and now, as they retire, they find that they have actually nothing to rely on. That is a group of people who require a savings vehicle much like the Canada pension plan.

You'll recall that recently the Canada pension plan announced that it had its quarterly performance similarly hit by the market turmoil. However, they said, "We're not worried because we have an 11-year payout period, and we have so many people involved, we're not going to worry about being able to pay the pensions." That is because they are so big, because they are professionally managed, and they can weather a storm like this. They have such a long payout. That's why we are recommending a universally available defined benefit plan, which of course the Arthurs commission also recommended.

All these kinds of changes require federal and provincial co-operation simply because they have overlapping jurisdictions, so those are important things.

When they have the pension summit, the one thing that we would impress upon all of the policy makers is that they include knowledgeable representatives of retirees and plan members at the table. Too many times, these decisions are made by somebody else, and the people who are most hit have nothing to say about it, so that would be my strongest recommendation in relation to the recommendations that came out the Arthurs commission report.

Mr. Wayne Arthurs: I was going to tell you that some of my constituents who have taken the time, over the four or five years that I've been in this office, to come and talk about pensions, pension reform and retirement savings, have a tremendous amount of skill—a career in the area in many cases. I've learned a tremendous amount from them in that process.

You've made reference to, in the bit of time that I might have left—am I almost done?

The Chair (Mr. Pat Hoy): You're running very low.

Mr. Wayne Arthurs: You've mentioned a national securities regulator, and we've consistently spoken to the idea of a common securities regulator as opposed to a national one. Are you making any distinction between the two? People call me and talk about "national." We talk about "common" as opposed to it being a national function.

Ms. Susan Eng: I understand. I think that the importance is uniformity: uniformity of regulation and reciprocity between the jurisdictions. That is very important. We hope that that means efficiencies as well. But from the point of view of our members and our constituency, the important fact is that if they pass regulations that are common, make sure you're able to enforce them because for the smaller investor, part of their problem is that there's nowhere to go when things go wrong.

The national securities regulator, or the common securities regulator, really only makes it easier for com-

panies that wish to issue an IPO to do so and have it uniformly recognized across Canada. The spill of impact to protect the average investor is limited.

Mr. Wayne Arthurs: Okay. Thank you so much.

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

Mr. Tim Hudak: Point of order, Chair: I just want to make a general point. I appreciate Ms. Eng's presentation. It wasn't a question for our presenter, although I enjoyed it. I think my folks are either current or former members of CARP, and maybe in a couple of years I'll apply for it—

Ms. Susan Eng: I'll send memberships to the whole committee.

Mr. Tim Hudak: There you go. Just in terms of rotation format, my colleague Elizabeth Witmer, who's our health critic, had asked that questions be asked of Ms. Eng—and with the rotation model, just by luck, it doesn't pop up. I don't know if we could speak off-line or as a subcommittee and revisit the model that we're using for next week's hearings—because sometimes there are groups that I'd like to ask questions of, and just by luck, I don't have that opportunity; or my colleagues would like questions asked, and by the luck of the draw, they don't have that opportunity. I needed to raise that point. Maybe we could distribute the time evenly, going forward.

The Chair (Mr. Pat Hoy): We can discuss it, as a committee, for the next meeting.

ONTARIO ASSOCIATION OF RESIDENCES TREATING YOUTH

The Chair (Mr. Pat Hoy): Now I call on the Ontario Association of Residences Treating Youth to come forward, please.

Good afternoon. You have 10 minutes for your presentation; there could be five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard, then you can begin.

Ms. Andrea Rifkin: Andrea Rifkin.

Mr. Gordon Moore: Gordon Moore.

Mr. Richard Solomon: Richard Solomon. I am the executive director of the Ontario Association of Residences Treating Youth. I'll be turning this over to my colleagues immediately. I just want to state that we do have copies of the materials that we're going to be referencing and we'll be pleased to distribute them after the presentation.

Mr. Gordon Moore: Good day, everyone. I am a member of the Ontario Association of Residences Treating Youth, OARTY. OARTY is a provincial association representing approximately 80 member agencies, which since 1971 have been providing high-quality residential care and treatment services. Roughly 4,000 children, youth and young adults are cared for annually within this sector, representing approximately 25% of the children in residential care in Ontario.

I want to paint you a picture of how and why we care for the most vulnerable children in the province. We come to have these kids when the rest of the residential care system finds it cannot care for or cope with them; for example, when CAS homes or Children's Mental Health Ontario agencies choose not to take them or don't have the expertise to manage them, because they do not have the treatment programs that these kids need.

Our children are among the most damaged, difficult and challenging kids in Ontario: 53% have disabilities requiring intensive support for the rest of their lives; 26% are diagnosed with moderate to severe intellectual disabilities; 24% have experienced both physical and sexual abuse; 14% have no speech; 51% of these children have lived their entire lives in poverty.

Personally, I live in Stirling, Ontario, where I run Holloway House with my wife, Michelle, and our natural children. In our home, we care for nine critically ill kids whose conditions range from the congenital effects of fetal alcohol syndrome and drug use to rare genetic conditions, all of whom require hands-on care for every function of their lives.

Today, I'd like to tell you a story of two children; I'll call them T and J. They're in the care of a colleague of mine, Sean Connor, who runs Connor Homes. Sean met T and J, ages 7 and 8 at the time, in February 2004. These aboriginal children had witnessed horrific crimes of violence and had themselves been victims of both sexual and physical abuse throughout their young lives. These were not easy-to-care-for kids. From the ages of 3 and 4, T and J had moved through 61 homes, including kinship care and internal CAS foster care, not once receiving treatment of any kind or seeing a therapist. After all the abuse and wretchedness that these children had to suffer, they landed in a place where they could be properly cared for, as Connor Homes has special expertise in the areas where these children needed help. This should be a happy ending and in many ways it is, but here's the thing: Our sector has not received a cost-of-living adjustment for the support and care of these children or the critically ill children in my care or in fact all of the children that OARTY represents since 1988. Actually, our rates are less than those set in 1988, because the rates were clawed back during the Rae years.

You have to ask yourselves why T and J, after having been so brutalized by life, were deserving of less funding. Well, of course, the answer is that in no way are they less deserving. You have to ask yourself, "How this could be? How could this bizarre funding and level of support exist? Haven't various governments over time invested some money in the system?" Well, yes, actually, they have. In the budget of 2004, the government provided a 3% increase to the base budget of transfer payment agencies. In 2004, they provided \$25 million, with \$38 million in each of 2005 and 2006, to transfer payment agencies for programming. OARTY agencies did not receive a dime of that money.

One might ask why we haven't brought this to the attention of government. We have. Since 2001, we have

been speaking to civil servants both at MCSS and MCYS. They have patiently explained to us that our kids don't get any of that money because under the current system there is no funding mechanism in place either to flow the funds directly from the ministry to our agencies, or that mandates that flow of funds through the children's aid societies, who are often the child's case management agency and payer on behalf of the province. This has been explained to us as though it was the answer to our dilemma, and never as though it was the problem. It is most definitely a problem. I wonder how T and J would understand it—

Bells ringing.

The Chair (Mr. Pat Hoy): I'm going to interrupt you now. We have a vote in the next three and a half minutes. We will recess and then come back and hear the rest of your presentation.

Mr. Gordon Moore: Okay.

The Chair (Mr. Pat Hoy): We'll recess until after the vote.

The committee recessed from 1621 to 1630.

The Chair (Mr. Pat Hoy): The standing committee will now come to order again. I apologize for the interruption, but it was a vote in the House.

You have six minutes remaining, so if you could begin again.

Mr. Gordon Moore: Just to recap, I was talking about two young boys, T and J: 61 placements, no treatment, and then they came to us and were funded in Peterson dollars. When we've asked the government about that, it's been explained to us that the answer to our problem is that there's no funding mechanism to flow the dollars on behalf of the children to the agencies in our association that are caring for them.

It is most definitely a problem. This is not the answer; that's our problem.

I wonder how T and J would understand it. If they had stayed in the day-to-day care of the CAS, they would have better toys, better food and better-trained staff, because that's what money buys. However, they couldn't stay there because there was no adequate treatment and no one wanted them; 61 families and group homes proved that. So they came to us, and we had the expertise, but somehow there was less money for food and toys and their clothes and the gas that runs the car that takes them to the psychiatrist they needed to see. I guess we'd have to explain to them the notion of a Catch-22.

Don't the kids in OARTY homes need programming? Of course they do, but there's no flow-through mechanism. The government may increase funding for children in Ontario, but our kids never see it.

Is it really the intention of government to give 100% of the increases for programming to 75% of the children? Is it really the intention of the government to keep 25% of the children at a cost-of-living standard that was clawed back from one set in 1988? It can't be.

OARTY homes provide care in the form of staffing, food, transportation and treatment to children with complex special needs. The challenge of providing this treat-

ment and care in the overall fiscal climate is significant. At the current rates, OARTY homes are struggling to afford healthy food and proper nutrition. To put it squarely on the table, we ask the government for equity only. We don't want any more resources for our kids than the TP agencies have for theirs.

To get us to equity, we are asking for \$30 per day per child. That's \$30 times 4,000 children times 365 days. That's \$44 million. And let's be clear: This is for T and J, sexually and physically abused, rejected 61 times by the ages of 7 and 8. It's for the kids in my care suffering from prenatal and genetic insults. OARTY is requesting a \$30-per-child increase to the average per diem rate for all per-diem-funded residential care agencies, consistent with the investments the government has made in the education, health and social assistance sectors over the past six years. By increasing funding and addressing the loopholes in the current system, OARTY agencies will be able to continue to provide the best treatment to the neediest children in the province.

Ms. Andrea Rifkin: Let's change gears here just a little bit. I'm Andrea Rifkin from the Circle of Support and a founding member of OARTY.

I want to pick up on T and J's story still, but from a slightly different angle. Why did it take so long for T and J to get into Connor Homes, one of the OARTY homes? It took so long because the government pays CASs, the legal guardian, an incentive fee to find a foster care solution within the CAS internal system. T and J didn't need foster care. We heard that. They clearly needed very specialized care for children who had witnessed and experienced physical abuse. They needed staff who treated children who had been sexually abused, and it took 61 placements to get there. But think of how much money it really cost the system to try those 61 different placements, all because there's a financial incentive to find a foster care solution. With a proper triage mechanism in place, one that separates assessment, funding and service—one that puts the interests of the children first absolutely—T and J and the thousands of other kids suffering from abuse and neglect would receive the care they deserve in a timely and cost-effective manner.

Interestingly, when MCSS was revolutionizing the DS sector through Bill 77, they were set to duplicate all the things that are really broken in the child welfare system, including this lack of a triage mechanism. OARTY lobbied at that time to ensure that never again could a system be enshrined that so poorly served its constituents. When Minister Meilleur was made aware by an OARTY member that in the DS sector, no flow-through mechanism existed to pass along these funding increases to the private or per diem home sector that went to the transfer payment agencies, naturally she vowed to change it. We applaud her for that and hope she succeeds.

OARTY is requesting that the Ontario government address the inequities in the current system related to funding mechanisms and cost-of-living adjustments, to ensure that the most damaged children receive the care and treatment they deserve. We believe that an enhanced

accountability within the child welfare sector would pave the way for more efficient use of the dollars that provide for effective care. We do have a six-point solution that we think would help the Ontario government provide for all children and youth to have the best opportunity to succeed, to reach their full potential. They involve:

- (1) Enhanced ministry accountability;
- (2) A new funding relationship model;
- (3) Third party accreditation of institutions dealing with children and youth. We are undertaking this and would respectfully submit that the transfer payment agencies should also go this route as well;
- (4) One per-diem-funded residential care system;
- (5) Funding according to levels of care; and
- (6) Enhanced criteria for licensing new homes and new operators.

Thank you so much for your wisdom, your compassion and your foresight.

The Chair (Mr. Pat Hoy): And thank you for the presentation. This round goes to the official opposition.

Mr. Tim Hudak: Thank you very much to the OARTY members for the presentation. It was a very moving story about T and J.

I want to make sure I understand. If T and J are in an OARTY home, the level of funding is how much less than if they were in a foster home or in a transfer payment agency?

Ms. Andrea Rifkin: Probably from a funding perspective of a foster home—the thing you have to understand about a per diem rate is that it's everything for that one price. It's bricks to bread, as I always say. In a foster care rate, it might be told that if my rate is \$200 a day and the CAS may quote, "Well, ours is \$130 a day for this specialized treatment," that's not the bricks to the bread. It might be the bread and a little bit more in clothing and some tutoring, but it doesn't encompass all the treatment needs, and as we've heard, they fail anyway. So they end up in our care.

To the transfer payment agencies, the rate is about a third less.

Mr. Tim Hudak: You're about a third—

Ms. Andrea Rifkin: Yes.

Mr. Tim Hudak: So if T and J go to an OARTY home, about a third of the money follows them, compared to a transfer payment agency.

Ms. Andrea Rifkin: Right.

Mr. Tim Hudak: So are the standards that much higher at a transfer payment agency or something? How can this be justified?

Ms. Andrea Rifkin: I don't want to comment on standards of care; I've never worked in a transfer payment agency. I think that from the stories which are true, T and J were in transfer payment agencies. They ended up in an OARTY home.

Mr. Tim Hudak: Gord used the figure that 75% of the children would receive enhancements when they would come, and 25% would be left out. To make sure I followed that correctly, 25% of the children are in OARTY homes currently?

Mr. Gordon Moore: Roughly that number.

1640

Mr. Tim Hudak: So one out of four, when benefits get passed through, don't receive any benefit whatsoever?

Mr. Gordon Moore: Correct, because the ministry does set the rate that we can charge, and we don't receive any of the incremental dollars that are funnelled into the system based on service volumes. So, as the children get placed through a children's aid society, they would get funded on a percentage increase based on their service volumes, but they're not looking after a quarter of those kids; we are. And since our rate is set by the government, the CAS cannot pay us anything different from what the government sets.

Mr. Tim Hudak: So how does the government justify that three quarters of the kids are more important or more valuable, or need more money than one quarter?

Mr. Gordon Moore: There's no funding mechanism.

Mr. Tim Hudak: One of your members had a positive conversation with Minister Meilleur. How recently did that conversation take place?

Ms. Andrea Rifkin: I believe it was in the summer that we made the presentation.

Mr. Tim Hudak: Okay. And you estimate that to level the playing field so that children, wherever they're treated, would be treated the same way—it's about \$44 million?

Ms. Andrea Rifkin: Yes.

Mr. Gordon Moore: Yes.

Mr. Tim Hudak: That will get you immediately up to that position?

Mr. Gordon Moore: That was our estimate on a parity amount, yes.

Mr. Tim Hudak: What kinds of standards do OARTY homes have? How do you verify to government, to others who would be interested about your quality?

Mr. Gordon Moore: There's a licensing mechanism that's engaged in annually, and it is the same licensing mechanism for a children's aid society, a foster home, a CAS group home or one of our homes. It's done by the same department in each regional office at the ministry and it's conducted by the same people, using the same checklists and observational standards.

Mr. Tim Hudak: The Ministry of Community and Social Services, then, evaluates the homes on the same basis as the—

Mr. Gordon Moore: Children and Youth Services.

Mr. Tim Hudak: Children and Youth Services; thank you—evaluates on the same standards as the transfer payment agencies.

Mr. Gordon Moore: Yes.

Mr. Tim Hudak: Okay. What are some of the recent pass-throughs that have taken place and have not benefited the children who are using OARTY homes? What have been some recent enhancements, either to the transfer payment agencies or CASs?

Ms. Andrea Rifkin: The recent transfers have been to—I think there have been some dollars to enhance

salaries or meet some of the human resources crunch. We're no different; we just haven't received the dollars.

Mr. Tim Hudak: I know pay equity is an issue as well, that you're mandated to hit pay equity targets, right?

Ms. Andrea Rifkin: Yes.

Mr. Tim Hudak: But you don't receive any funding?

Ms. Andrea Rifkin: Correct.

Mr. Tim Hudak: So how do you do that?

Ms. Andrea Rifkin: Creatively. Some of us have actually closed because of the exponential growth that went backwards to—you know, the legislative changes are what caused the issue. It used to be that if we were funded, even arm's-length, by another ministry, we were told we were spared from the pay equity crunch. Then, that changed some years later—about eight years after the legislation came into play—which caused some of us a bit of turmoil.

Mr. Tim Hudak: Are you seeing a loss of staff or personnel to the transfer payment agencies?

Mr. Gordon Moore: Absolutely. We've sort of become the farm team, doing a lot of the training of new graduates, utilizing students, and then hiring them on when they're done. As soon as they realize that they can make more money somewhere else, they're gone.

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

Ms. Andrea Rifkin: Thank you very much.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Registered Nurses' Association of Ontario.

Good afternoon. You have 10 minutes to present to the committee, and there could be five minutes of questioning—if you would just identify yourselves for our recording Hansard.

Ms. Wendy Fucile: My name is Wendy Fucile. I'm the president of the Registered Nurses' Association of Ontario, and with me is Kim Jarvi, the senior economist for our organization. We thank you for the opportunity to be here today and to present the views and recommendations of Ontario's registered nurses.

Nurses work on the front lines, in our hospitals and community clinics, in homes, and for those who do not have homes. We see the thousands of laid-off men and women whose retirement savings are evaporating, whose home values are dropping, and those who find themselves reliant on food banks. Nurses know that it is time for bold action.

Reinvesting in infrastructure and public services is a must. The global economy has entered a period of economic instability unlike any other since the Great Depression, and governments everywhere are responding boldly and decisively.

Federal and provincial governments in Canada cannot afford to stand on the sidelines. We urge Premier McGuinty and Finance Minister Duncan to provide

leadership by delivering effective and timely interventions that will reduce the severity of the recession and its effects on Ontarians.

This is not the time to cut essential expenditures, such as Minister Duncan's announcement that he would slow down the creation of 9,000 additional nursing jobs in Ontario. Such cuts take the province back to the past by creating fear and uncertainty, affecting retention and recruitment into the profession. Additional nursing positions are needed now to assure people right across this province of the quality care they need.

Attempting to balance the budget by either raising taxes or cutting expenditures will exacerbate the economic downturn. Instead, the province should stay on track and advance its reinvestment agenda, which will help restore confidence in the province. It would be a grievous mistake to conclude that we must now make a choice between the so-called economic and social spheres, as if the latter were somehow a luxury reserved for sunnier times.

As the government pledged today, this is the time to reduce poverty in the province. An overwhelming majority of people want leadership in reducing the shameful levels of poverty in our communities. A broad-based coalition known as "25 in 5," of which RNAO is a proud member, urges that economic investment to alleviate poverty is precisely the stimulus we need to weather the economic storm.

It is shameful that 1.3 million Ontarians face the challenge of living below the poverty line. There is overwhelming research that shows that poverty erodes health and causes people to die prematurely.

Too many Ontarians struggle with food insecurity. One measure of the severity of this growing problem is the 14.3% rise in the number of people served by food banks from 2001 to 2007. A staggering 318,540 people in Ontario rely on this assistance every month.

A core problem is social assistance rates, which for many years have been far below any livable or acceptable level. Social assistance rates did increase by 9% between 2004 and 2008. However, Ontarians receiving social assistance are still faced with having to choose between buying food and paying the rent. We ask that the government immediately increase, in a substantive way, the social assistance rates so that all Ontarians can live in health and dignity.

People earning the minimum wage are still far below the poverty line. We urge the government to advance its commitment to increase the minimum wage to \$10.25 per hour, effective immediately, and not wait until 2010.

Simply put, poverty is bad economics. Poverty in Ontario costs the federal and provincial governments between \$10 billion and \$13 billion each year. Private and public costs combined are equivalent to 5.5% to 6.6% of Ontario's GDP.

We applaud the government for its commitment to reduce child poverty by 25% in five years and for consulting broadly on poverty reduction. We urge that that commitment be extended to cover all people living in poverty and not just children and families.

Valuable momentum must not be lost. Far from being a time to slow down, an economic downturn is exactly when action to reduce poverty is most needed and strongly justified. We urge substantial multi-year funding to support aggressive implementation of Ontario's poverty reduction program.

The environment also demands bold leadership. The evidence of the many links between environment and health are strong. Like all Canadians, nurses are increasingly concerned about climate change and the impact of environmental toxics on the health of their families. Of particular concern is the safety of children, who are much more vulnerable to toxics. A precautionary approach is urgently needed.

The government has promised a number of steps that, together, could put Ontario at the forefront of rebuilding and preserving a healthy environment. RNAO will work with the government and other stakeholders to help realize this goal in a timely way.

We ask that the government:

—accelerate its plans to reduce greenhouse gas emissions to 6% below 1990 levels before 2012, and 25% before 2020, to help meet Canada's Kyoto obligations;

—accelerate its promise to close all coal-fired electricity plants ahead of the 2014 schedule, to protect the health of Ontarians; and

—move during the spring legislative agenda with a toxic reduction law to reduce environmental toxics and carcinogens.

In its second mandate, the government has delivered significant progress in banning the cosmetic use of pesticides. Legislation has been passed, and the associated draft regulations, if accepted as passed, will greatly improve protection from pesticides. So far, government has allocated \$10 million over four years. We advise increasing this budget to ensure appropriate public education, adequate monitoring and enforcement.

1650

Climate change continues to be an overriding concern of Ontarians in general and nurses in particular. On the emission of greenhouse gases, the government must move promptly on its relevant promises, including phasing out polluting and greenhouse gas-emitting, coal-fired generating stations and funding massive and badly needed expansions in public transit, renewable energy, energy conservation. RNAO also urges that any highway expansion be subject to full assessment of environmental and social costs.

RNAO also advises against resorting to an expansion of nuclear power, as this has proven to be costly, prone to delays and overruns, and carries serious health and safety risks. Even maintaining the current level of nuclear energy supply will entail costly new plants and refurbishment of existing plants. A more cost-effective use of that money and one that would produce cleaner, safer, more timely electricity for Ontarians would be energy conservation/energy efficiency programs, and generation of power from renewable sources.

Carbon must be priced fairly to encourage greener solutions. One example is a carbon tax that would work

to reduce greenhouse gas emissions, as has been implemented in a number of countries, including Finland and Sweden and, in Canada, in Quebec and British Columbia.

Strengthening public health is a key priority. In difficult economic times we are reminded of why Canadians cherish their public health care system: In the United States, health-related bankruptcies are skyrocketing. There are tremendous savings in the Canadian single-payer system. Unlike our American counterparts, Canadian providers only deal with one payer and face lower administrative and overhead costs.

Competitive bidding must be fully cancelled, as experiments in the health sector have proven disastrous. They result in disruptions in continuity of care and caregiver for patients and decreased morale amongst caregivers. It is a flawed process, based on a flawed philosophy, which costs more and delivers less.

Finally, RNAO is gravely concerned about the program of alternative financing and procurement for hospitals and other public infrastructure. We have presented the government with a full analysis demonstrating that AFPs do not serve the citizens and taxpayers well, and we call for the abandonment of AFPs as a method of financing and procurement for hospitals and public infrastructure.

Access to primary care remains a challenge for more than a million Ontarians. This includes 30% of Ontarians who live in northern and under-serviced communities. Nurse practitioners are ready to serve. They have the knowledge, skills and legislated authority to diagnose and treat many common illnesses. They can prescribe medications and order and interpret a variety of diagnostic tests.

The government allocation of \$38 million in three years to create 25 additional NP-led clinics by 2011 is an important commitment, and the RFPs of October 2008 for the first three of these were most welcome in the communities of Sault Ste. Marie, the Erie St. Clair LHIN and the North West LHIN.

Ontarians need government to move faster. In Belleville and the surrounding county alone, approximately 20,000 citizens have no access to primary health care. This number threatens to grow as current health care providers approach retirement and the local population grows and ages. Government already has a full, solid proposal for an NP-led clinic in Belleville as well as other communities, and we see no rationale for postponing these proposals. Thus, RNAO is asking that at least 10 additional NP-led clinics be approved for funding in the new year. The public needs these clinics, communities are ready for them, and NPs are ready to serve.

The government should also keep commitments to release the necessary funding to increase the hours of direct care in long-term care and improve the funding for home care to allow older persons and others to live and age with dignity in their homes.

Finally, it is vital to strengthen the nursing workplace. RNAO is very pleased that the McGuinty government is committed to the nursing graduate guarantee to provide

every new Ontario nursing graduate with an opportunity for full-time employment. We are delighted with the commitment to achieve the goal of 70% of all nurses working full-time by 2010. These are both initiatives RNAO proposed in 2003, and we are proud of our joint progress. Today, we retain more new graduates in Ontario than ever before, and we are at 64.7% full-time employment for all working RNs.

Competitive bidding must be fully cancelled, as experiments in the health care sector have proven disastrous both here in Ontario and internationally. This results in substantive disruption in continuity of care and caregiver for patients and decreased morale. It's a flawed process.

In closing, the economic downturn is a time of great challenge for the people of Ontario and for our government. It is also a time of opportunity, to lead by investing in our people and building stronger and healthier communities. Nurses urge the McGuinty government to act now to put the needs of all Ontarians, and especially those of our most vulnerable citizens, at the forefront of this government's upcoming budget.

We thank you for the opportunity to share our views with you today.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Prue of the NDP.

Mr. Michael Prue: I have a great many questions, so let's see how many we can get in. I only get five minutes.

Ms. Wendy Fucile: Okay.

Mr. Michael Prue: You write about Belleville. Has the government given you any indication when the new Belleville nurse practitioners clinic that they promised will be established?

Ms. Wendy Fucile: No, they have not.

Mr. Michael Prue: Has the government given any funding whatsoever toward the establishment?

Ms. Wendy Fucile: Of the specific clinic in Belleville?

Mr. Michael Prue: Yes.

Ms. Wendy Fucile: No. There is a commitment to an additional 25; there are the RFPs in October for three. There are no specific commitments at this time beyond that.

Mr. Michael Prue: Okay. Back to the beginning, then, of what you wrote. My second question relates to the 9,000 additional nursing positions in Ontario. I think we were all disappointed when that appeared to have been taken off. The finance minister said it would come later. Has the finance minister or anybody in the ministry suggested when that program will be reinstated?

Ms. Wendy Fucile: It is my understanding that we have been assured that the commitment will be met by the end of the term. To be fair, the government exceeded the targets that were set on the first round of this, so we believe that this is both critical and something that should not be delayed at this point in time. We'd emphasize that these are additional positions and if we see layoffs, for example, then we're looking at replacing those, plus 9,000.

Mr. Michael Prue: Today the government released its poverty report. I, for one, was disappointed that it dealt only with children. I'm glad it dealt with children, but it left out everyone else—literally everyone: old people, aboriginal communities and the disabled. You have written here that the “commitment be extended to cover all people living in poverty.” Obviously, you're disappointed like me. Why do you think we should go beyond just children?

Ms. Wendy Fucile: Children are certainly an important first step and we should be pleased to have seen that. But absolutely, everyone needs to be lifted from poverty. It is not acceptable in a province like Ontario that we have people living in poverty. This government has made a commitment to leave no one behind, so we support both the first step taken today and all of the steps that need to come after it for us to realize the goal of eliminating poverty in our province.

Mr. Michael Prue: You have talked about the government accelerating its promise to close all coal-fired electricity plants ahead of 2014. We have had a number of people come to us and tell us not to close the plants. They don't want the coal to be burned but they're talking about biomass in northern Ontario, at Atikokan, using the waste forest products and in southern Ontario, at Nanticoke, using the farm residue and whatever's left—the corn stalks—which, in the view of the scientists, would only really release the carbon back into the atmosphere that was taken from the plants. They think it's carbon neutral. Do you want the plants closed as you suggest or do you want to simply not burn coal?

Ms. Wendy Fucile: We want to see the elimination of coal-fired plants. I'm not expert enough to comment to you on the scientific potential of alternative biomass fuels; Kim may be, but I'm not. Our goal is eliminating the coal.

Mr. Michael Prue: It's just the way it was worded, to close down the plant. But it's the coal, not the plant?

Ms. Wendy Fucile: It's the coal, coal-fired.

Mr. Kim Jarvi: Switching to biomass does have a carbon advantage to it, to be sure. We would be working with our partners in the Ontario Clean Air Alliance to verify which uses of existing facilities would be acceptable. What they had been suggesting was natural gas; not necessarily using those facilities, but these are things that could be set up very quickly to replace any energy loss from the coal-fired plants well in advance of any nuclear plants that might come in. That was the number one recommendation from—

Mr. Michael Prue: Okay. My colleague France Gélinas has the balance of the questions.

1700

M^{me} France Gélinas: Good afternoon.

The Chair (Mr. Pat Hoy): About one minute left.

Mme France Gélinas: One minute? The balance of the minute. I'm really interested in the nurse practitioner-led clinics. You have, in your proposal—

Mr. Michael Prue: I asked about that one.

M^{me} France Gélinas: Did you? Okay.

Kim, you mentioned that Belleville was ready. There are number of other communities that are ready. Can you see any reason, if nurse practitioners are ready, the community needs are there and the community wants those clinics, why it's not moving ahead?

Ms. Wendy Fucile: No, we can see no rationale for delaying the service that would bring primary health care to those who don't have it when the folks ready to deliver it are ready and willing and eager. There is, in our view, no rationale for delay.

We're either going to pay now for a primary health care approach or we're going to pay now and for longer to deal with acute illness that goes with and arises from primary health care needs not being met. So do we want to pay for prevention—primary health care clinics—or much more costly acute care treatment? It seems to us, no question, that we should be funding much more rapidly these proposals that are ready to go.

M^{me} France Gélinas: How do you handle the criticism from some groups that say that nurse practitioner-led clinics are not as efficient as other primary care models?

Ms. Wendy Fucile: There's probably more research on the efficiency and effectiveness of nurse practitioners in the literature than there is on any other health care provider.

The focus should not be on who is delivering care but on how we most effectively and most rapidly deliver care to people who don't have any. We have to keep our eye on the ball, and the ball is all those people who don't have access to primary care.

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

Ms. Wendy Fucile: Thank you, sir.

METRO TORONTO CHINESE AND SOUTHEAST ASIAN LEGAL CLINIC

The Chair (Mr. Pat Hoy): I call on the Metro Toronto Chinese and Southeast Asian Legal Clinic to come forward, please.

Ms. Avvy Go: Thank you.

The Chair (Mr. Pat Hoy): Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I'll just ask you to identify yourself for our Hansard.

Ms. Avvy Go: Sure. My name is Avvy Go and I'm the clinic director of the Metro Toronto Chinese and Southeast Asian Legal Clinic.

Our clinic serves low-income people from the Chinese and Southeast Asian communities living mostly in the GTA area. Most of our clients are working poor. They work in non-unionized settings, with very little protection from exploitative employers. Many of them started experiencing job loss even before the so-called economic crisis began. The problem is, when they lose their jobs, a lot of the time they don't even get termination and severance pay because they don't have anyone there to advocate for them.

It's kind of ironic. When I look at the current discussion, the discourse is often focusing on "should we or should we not bail out the Big Three and other big businesses," when a lot of these people have been living in poverty, having struggled for a long, long time. There's been no attention paid to them either by the media or the government, not just because they don't have private jets to fly them around, but also just because this is not an issue that is often in the media's attention. It's very important that we focus on the people. As I said, focusing on people, as opposed to businesses, is going to put us in good stead to protect us from the economic crisis and to help rebuild our economy, not just to survive the recession.

Earlier presenters talked about the poverty reduction plan that was released today. We are pleased that the government is doing that despite the deficit and an economic crisis. It's a positive first step. But the question for us right now is whether or not the plan, as implemented, and the measures that are put in place will in fact ensure that those who are the poorest, those who are over-represented among the poor, will benefit from the plan.

The question is particularly for racialized communities because of the fact that they are overrepresented among the poor. I quote in my submission one of the studies from the CAS, which was just released two days ago, which confirmed that even child poverty is racialized. They looked at the child poverty rate among different groups. For the European group, one in 10 children lives in poverty. For some other groups—for African-Canadian, for instance—it's one in two children living in poverty; for Chinese, it's one in five; west Asian, it's one in three; aboriginal and South Asian, one in four. So there is a disparity, even among the children, between racialized and non-racialized groups.

I also quote from the United Way report that was done a few years ago that looked at the poverty rate between 1981 to 2000. In fact, it found that the poverty rate for non-racialized communities had dropped during that period by 28%; but for racialized communities, it increased by 361%. That means the disparity is growing, and it's not going to stop until we recognize that there is a problem and we take measures to address it.

The focus of our presentation is on some of the measures that we hope will close the gap between the racialized and non-racialized groups. Not all of these have budget implications, but they are—certainly some of them do require some investment, but not all of them do. My written submission includes a number of things which we kind of divvy up into three areas: employment and labour market strategy, access to social services, and a targeted poverty reduction strategy. I'm not going to read through the whole list, but I'll just highlight a few of them that we think are most important for our communities.

For instance, on the employment and labour market front, one of the things that we think the government should do is bring back mandatory employment equity in Ontario, to level the playing field for all racialized groups

and for other historically disadvantaged groups, including women, people with disabilities and aboriginal people. The problem is that if you look at the clients I serve, it's not that they are not working—they are working—but they're not able to get access to good jobs. If you're stuck in a low-paying job, you're going to be stuck in poverty. One of the key barriers to overcome is some of the systemic discrimination in the workplace, whether or not it is intended, to make sure that employment is truly merit-based, that no one is denied a job because of their race, disability, gender and so on. So employment equity is a key part of the economic strategy.

We also talk about removing barriers to accreditation and employment for internationally trained professionals. Again, it's something that will help them lift themselves out of poverty. While we do have a fairness commission, its function is more or less doing auditing. It doesn't actually have a lot of teeth to make sure that self-regulated bodies such as the law society, of which I'm a member, are truly looking at how to remove some of these accreditation barriers.

We also have a whole bunch of stuff talking about equitable access to services. People who are poor are more likely to rely on government services, because they are not able to provide for themselves. We need to make sure that the services are there for people who need them. Some of the measures we talk about are looking beyond the delivery of services and are actually looking at the implementation of the plan and the policy behind these services. That's why we talk about having a comprehensive and fully resourced equity policy framework within publicly funded education as well as the health system: so that we make sure that the services that we get in the education system and the health system are equally accessible to everyone.

We also mention the three-month OHIP waiting period for all newcomers in the province, which poses a huge financial burden for a lot of the newcomers in this province and really is not that necessary. It actually wouldn't cost the government a lot of money to take away that three-month waiting period.

We also talk about restructuring legal aid to make it truly accessible for the racialized working poor, because, again, it is something that is most needed for the people who are living in poverty or who are not exactly poor enough to get legal aid. The guideline is so low that a lot of people are, in fact, not having access to the justice system because they are not poor enough. If we can infuse some more additional funding into the legal aid system, that will address the needs of racialized communities, because we are overrepresented among the working poor.

I also include some of the targeted poverty reduction measures. Unfortunately, those things were not included in the announcement that was introduced today, but they're not inconsistent with the announcement. For instance, the announcement talked about a five-year plan. There's a reporting mechanism, there are a number of indicators and measures that are going to be put in place.

Well, then, let's make sure that those indicators and measures are desegregated so that we know in five years' time who actually benefited from the plan.

For instance, the plan talks about measuring birth weights. Birth weight is a good example of where ethnicity does play a role, so if we need to know if the children from the different communities are gaining in birth weight, they have to be measured against something. Those things need to be desegregated, broken down by race, gender, disability and so on.

1710

We also want to have clearly identified goals and specific benchmarks—which are sort of talked about in the poverty reduction plan, but we just want to make sure that it is specific enough so that we can truly measure the success in five years' time.

I ended with a quote from Martin Luther King, although I'm not sure if it's really from him, but it says, "The time is always right to do the right thing." Certainly taking poverty head-on is the right thing to do, even if it's in an economically tough time. I'm sure you have heard from other people, including economists, who talk about how this is in fact the best time to deal with some of these issues of disparities in our economy. I want to thank you for the opportunity today.

The Chair (Mr. Pat Hoy): And thank you for the presentation. We'll go to the government and Mr. Lalonde.

Mr. Jean-Marc Lalonde: Thank you very much for taking the time to come and address your message to the committee.

You refer to equitable access to services, and I happen to be working on this very closely—especially one day when I was replacing one of my colleagues at the standing committee for the accounts payable, and I definitely said that I was not in favour of starting to pay for other people coming into Ontario, because when we Ontarians go to other provinces, for example, or other countries, we are not covered.

The reason it was brought to our attention here was that they were saying, "Well, when we go to Quebec or when we go to New Brunswick, any other provinces, we are not covered. We have to purchase insurance." Even the ambulance service is not paid by OHIP. But when you go to other provinces or they come over here, it is the same. It is something that has to be negotiated at the country level with all the other provinces, first of all, and then probably with the United States and other governments from other countries, but at the present time, we are not covered for those services when we go outside of this province.

I know myself at the present time, being on the Quebec border—let's say for those people who are hit with cancer sometimes, they tend to move to their families, to Ontario. Their medications are not covered when they move to Ontario in the first three months. I go immediately to them to tell them to go to the province of Quebec to get their prescriptions. Have you ever figured out how much it would cost the province of Ontario?

Ms. Avvy Go: First of all, among the provinces, I think there are usually reciprocal agreements. Basically, the first three months you are here, you're not getting health care here, but you're able to get health care in the home province where you came from.

We are talking about people moving to Ontario. They are residents of Ontario, and after three months they are still living in Ontario. They are not going anywhere. It's a very different situation from just saying that some random people show up at our border and want to get our health care; that's not the case. We are talking about people who are living in Ontario.

But, for whatever reasons, the policy was changed a few years ago to have this three-month ban for the first three months of their residence in Ontario when we don't cover their OHIP. That was not the case until the mid-1990s. We have always paid, ever since the person first arrived in Ontario as a permanent resident and as someone who is living in Ontario. It's a very different situation from what you're talking about.

Mr. Jean-Marc Lalonde: Thank you. That was my question.

The Chair (Mr. Pat Hoy): Seeing no other questions, thank you for your presentation before the committee.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Home Builders' Association to come forward, please.

Mr. Wayne Arthurs: Just as they come forward, can I ask research if they can just provide us with some information if, in effect, at any point earlier we covered OHIP at the point of moving into the province or whether there's always been a waiting period?

The Chair (Mr. Pat Hoy): New arrivals?

Mr. Wayne Arthurs: New arrivals in the context of that presentation, those final comments that there was a point where we automatically covered upon arrival. I would have thought there probably was a waiting period but I'd be interested to see if there was any history, relatively current, obviously.

The Chair (Mr. Pat Hoy): If you could put that in writing as well.

Mr. Wayne Arthurs: Yes, I'll put that in writing. If the researcher would, I'd be happy to sign it.

The Chair (Mr. Pat Hoy): He's advised of that, but we ask everybody to write it out. Very good.

Now we have the Ontario Home Builders' Association we're waiting to hear from. You have 10 minutes for your presentation. There could be five minutes of questioning. If you could just identify yourselves for the purposes of our recording Hansard, you can begin.

Mr. Frank Giannone: Thank you, Mr. Chairman, members of the committee. Good afternoon. My name is Frank Giannone and I'm the president of the Ontario Home Builders' Association. I'm also the president of the FRAM Building Group. Our company has been construc-

ting new homes and condos across Ontario and the United States and now in Europe.

Joining me is James Bazely. James is the first vice-president of the OHBA. He is the president of Gregor Homes and is also a past president of the Greater Barrie Home Builders Association. Gregor Homes is known for their commitment to the environment and today they only build Energy Star homes. James also chairs the OHBA accessible housing council, which is working with the government on achieving its goals on this matter.

We are both volunteer members in the association and, in addition to our business and personal responsibilities, we are dedicated to serving our industry. I'd like to ask James to start and tell you a little about OHBA.

Mr. James Bazely: Good afternoon. For the record, my name is James Bazely. I am first vice-president of the Ontario Home Builders' Association.

The Ontario Home Builders' Association is the voice of the residential construction industry in the province. Our association includes 4,200 member companies organized into 29 local associations across the province. This year our industry will have contributed over \$36 billion to the economy as well as over 350,000 jobs. Therefore it is absolutely critical that all levels of government work with our industry to reduce barriers to growth and government-imposed charges and regulations, as we are a stabilizing force on the provincial economy.

I know everyone here is interested in our members' viewpoint on the future health of the housing market in Ontario during these uncertain times as well as our recommendations for the upcoming provincial budget.

This year, housing construction activity received a significant boost from the record number of condos sold in the GTA the previous year. The Canada Mortgage and Housing Corp. has forecast 74,450 housing starts in Ontario for 2008, an increase over the 68,123 starts in 2007. I should caution, however, that the increase in numbers was primarily felt in the GTA and Ottawa, and other regions that have an economic base supported primarily by the manufacturing sector, such as Windsor and London, have experienced declines in housing activity.

So where are we going from here? There are both reasons to be optimistic and reasons for extreme caution. The truth is, there is tremendous uncertainty, especially as it relates to consumer confidence. CMHC is forecasting 62,000 housing starts in 2009 and 60,000 in 2010. While these numbers are lower than anything we've experienced in Ontario since 1998, they are still far above the lows we experienced during the last recession, when housing starts bottomed out at 35,000 in 1995. The problem is, we believe that CMHC is very optimistic given the sales numbers that we've been seeing in the last couple of months.

Mr. Frank Giannone: Our members are very concerned about the broader economic turmoil, the stock market fluctuations and job losses. Quite simply, if one is worried about whether or not they will have a job in the near future, they aren't going to purchase a home. Furthermore, concerns about deflation have meant that some

consumers who may be in the market for a new home are sitting on their hands and waiting for prices to drop. These two factors, combined with the media sensationalism of the situation that's happening in the United States—which, by the way, to say it bluntly, since the beginning of this year was misrepresented by many media outlets even though there was a completely different set of circumstances here in Ontario. The media has effectively driven consumers away with little reason for it, and now we must recover.

1720

I'm a positive person, and I do have a number of positive points to relay to the government. Overall employment numbers outside the manufacturing sector are fairly strong, and I hope this government will place a very strong emphasis on job creation to maintain those numbers over the next year. Secondly, population growth supported by immigration is a key driver of the residential construction industry. Lastly, mortgage rates are near historic lows, which is very supportive of housing affordability and home ownership.

Let me turn it over to James to talk about the housing issues that are on our minds and that we hope will be on your minds for consideration during this upcoming provincial budget.

Mr. James Bazely: The provincial government should be congratulated for running three consecutive balanced budgets, but during an economic crisis, we suggest that the government would be prudent in running a deficit to stimulate the economy, as long as measures are taken to ensure that it is not a structural deficit. The best way to do this, in our opinion, is to make significant infrastructure commitments that will only impact the province's balance sheet in the 2009 and possibly 2010 budget cycles.

Infrastructure funding for roads, transit, water and waste water facilities are priorities for home builders across Ontario to ensure the province remains economically competitive. Periods of economic stagnation provide an opportunity for government to build the foundation for the next growth cycle. Therefore, all levels of government should invest heavily in hard infrastructure to support economic growth and improve the quality of life for all Ontarians. I can speak directly from the experience and feedback we've heard from our members; the costs of construction labour and materials are easing due to slowing demand. Right now, infrastructure investments will not only support jobs and future productivity, but the province will get the biggest bang for its buck in terms of labour and materials.

OHBA recommends that the province move quickly to fund priority Metrolinx projects, including the Yonge subway extension to Richmond Hill, the 404 and 427 extensions, as well as moving more quickly on a green light for the 407 extension and the mid-peninsula corridor extension in Niagara Region. These provincial investments will have a multiplier effect and encourage investment from the residential construction industry.

Furthermore, to support municipal infrastructure funding, we applaud the steps taken in the Provincial-

Municipal Fiscal and Service Delivery Review to upload social services from the municipal tax base.

OHBA suggests that the province enhance the successful gas-tax-for-infrastructure initiative with an additional phase-in of three cents per litre of the existing gas tax for municipal transportation infrastructure over the next three years. This would bring the total provincial support for the municipal transportation systems to five cents of the existing gas tax by the end of the current government's mandate.

Mr. Frank Giannone: Our members are concerned that despite the broader economic turmoil and cyclical slowdown that our industry is experiencing, the province is continuing to deal with public policy initiatives that could further affect the performance of the industry in 2009.

Firstly, on the positive front, we applaud your proposed moves with respect to infrastructure investments. Further, the decision to not open the Development Charges Act for legislative review was important.

On the negative front, we have the mandatory WSIB coverage changes that have already been passed. We have to be cautious about mandatory residential fire sprinklers, a college of trades and what it encompasses, municipally initiated green building standards and architectural guidelines as a result of provincial changes to the Planning Act, greenbelt expansions that limit land supply, the Lake Simcoe protection plan, and proposed increased soil and groundwater standards for brownfields.

These are just a few of the initiatives that will impact housing affordability and choice. The combined cost impacts of these numerous increased regulatory standards and fees and of other initiatives under discussion, such as inclusionary zoning, could eliminate thousands and thousands of would-be homeowners from the housing market. A recent study of 32 Canadian municipalities by CMHC indicates that new homebuyers in Ontario are among the most heavily taxed in Canada. Given the state of the provincial economy, the province would be well advised to exercise caution when considering public policy that would negatively impact housing affordability.

Let me conclude by stating that there is a tremendous uncertainty in our industry today. While housing starts in 2008 were strong, these were a result of last year's sales. Sales activity this year, especially in the last couple of months, has been very weak.

As the engine that drives the provincial economy, the residential construction industry pours billions of dollars into provincial coffers. Additionally, this year alone our industry will have funded \$2.5 billion in direct builder infrastructure investment or through development charges. It is in the best interest of all Ontarians that the provincial government work with us to ensure that that new-housing and renovation industries continue to thrive, and continue to support significant reinvestment in the programs that Ontario citizens deem to be the most important to them.

Mr. Chairman, members of the committee, to summarize, the housing industry is alarmed by the rapid deterioration of the global economy and proposed bailouts of transnational financial institutions and the automotive

sector. Contrary to the headline in the Toronto Star business section today, while OHBA is conscious of the financial strains our members are under, we wish to reiterate that the residential construction industry has never requested a financial bailout from taxpayers, nor do we foresee that situation ever occurring. The key issue that should be addressed in the 2009 provincial budget is a fiscal stimulus package that focuses attention on a significant investment to renew and expand hard infrastructure and job creation.

I would like to thank you for your attention and interest in our presentation, and we look forward to hearing any comments or questions that you may have. Our full written submission will be submitted to each of you in the next few weeks.

The Chair (Mr. Pat Hoy): If you provide that submission to the clerk, he'll ensure that all members receive one. We'll go to Mr. Barrett of the official opposition.

Mr. Toby Barrett: Thank you, Frank and James. I think of past recessions and, in that sense, your industry can be boom and bust, certainly in town by town. Some areas have been in a bit of a recession well before the global or the Ontario-wide, looming cloud. Has that hit your industry regionally or in certain sections?

Mr. Frank Giannone: If I may, we've seen it regionally. We know that Windsor and London entered it a lot earlier because of the manufacturing losses. Most of the rest of the province started sensing it earlier in the year and, again, a lot of it had to do with what was being said in the media about our industry. Most recently we've seen Ottawa—Kitchener-Waterloo and Sudbury had held their own until about September, but in October their numbers took a big decline as well.

Mr. Toby Barrett: So we've had a good run, like most areas with steady job creation and, obviously, low interest rates. Like you say, the key factor now is uncertainty around jobs or whether people are going to hang on to their jobs. Given the Wall Street credit crunch, are people now in a position where they cannot get a mortgage? I know it's tough getting a car loan, for example. Everyone is a little leery of lending. Are we seeing that, or are mortgages immune to that because of their—

Mr. James Bazely: Yes, it's been my experience within our sales centres—and we're building north of Toronto, up in Barrie—that the people coming through the sales centres are qualified; they have no problem getting a mortgage. It's just that they're sitting on their hands and waiting. We actually had one potential customer come in and say, "I'm going to wait for the foreclosure bust."

Mr. Frank Giannone: And that's pretty well the norm across the province. Most people still qualify.

Mr. Toby Barrett: Yes. Just one last question. I represent an area down in Haldimand country and part of Brant. We have the native land disputes down there. I have watched a number of subdivisions being shut down. I've been there when the OPP put the fence across, and they haven't built a house since. Does your association help out or provide advice? Is there any assistance that way?

Mr. Frank Giannone: We were in—

Mr. Toby Barrett: I'm just saying, I know a number of smaller builders, local builders, developers who've got millions of family money sitting on the line and they haven't pounded a nail in a couple of years.

Mr. Frank Giannone: We were in to see the Minister of Aboriginal Affairs within the last two weeks. We expressed our position on behalf of the Brantford Home Builders' Association and our membership. It is a significant concern. A big concern to this province is how industry in that area is also now being affected by the fact that even if people want to buy a home, they can't find a significant amount of homes to buy in that area for that reason.

1730

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

Mr. Tim Hudak: Gentlemen, thanks very much for the presentation. We saw some news that David Miller announced that he wouldn't increase development charges. That was news that struck me like the notion of the Leafs winning the Stanley Cup in 2009, but congratulations on your success.

You said you want a commitment from the province not to reopen the Development Charges Act?

Mr. Frank Giannone: Yes.

Mr. Tim Hudak: For how long?

Mr. Frank Giannone: I don't think it was said how long it was, but it wasn't as if it was planned to be reopened now or in the future. The commitment was that they don't plan on opening it up.

Mr. Tim Hudak: Okay.

I appreciate the benefit of the survey that you've done. The top infrastructure priority of your members was by far roads and highways, at a factor of four to one over transit. The vast majority of the government's transportation infrastructure investments have been transit commitments; it's hard to think of a single highway project that has gone forward. The mid-peninsula corridor has become, in many senses, a road to nowhere. Can you reinforce why your members would be so much stronger on roads and highways as opposed to transit?

Mr. Frank Giannone: Well, we represent 29 locals across Ontario. For a lot of our locals, for a lot of our membership, transit isn't as big an issue as it is in Toronto, as it is in Ottawa, as it would be in the more urban areas. It's the number of people that are responding. It would impact our membership that are out in Saugeen, because if jobs are happening in the Toronto area or in the Barrie, Hamilton or London areas as it relates to some of these things, they will reverberate through to the rest of the province as well.

Mr. Tim Hudak: You mentioned your concern about any expansions of the greenbelt legislation. The McGuinty government has mused about new greenbelt areas. Can you explain why your members would be concerned about any expansion in that respect?

Mr. Frank Giannone: Any expansion of the greenbelt, any further tightening of the belt—I can talk about Toronto, and James can talk about the effect it's having

on Barrie—restricts land supply. The more you restrict land supply, the higher you push the cost of land within that belt. The higher you push costs, the less people can afford to buy. The less people that can afford to buy, the more people that get pushed out further beyond the belt, where it's less expensive. And, by the way, they then have to travel further to get into the city.

Mr. James Bazely: Yes, and I don't think all of our members would disagree with having a greenbelt, but I think there should be more careful consultation with the members on the potential effects it will have on them, as opposed to just arbitrarily deeming an area a greenbelt.

As Frank says, if you have an area that is a growth centre, like north of Toronto through Simcoe county is a major growth centre, and you start imposing a greenbelt around that, you're really putting a squeeze on how this can happen and where people can actually afford to live.

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

ONTARIO HOSPITAL ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Hospital Association to come forward.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Tom Closson: Thank you. My name is Tom Closson and I'm the president and chief executive officer of the Ontario Hospital Association.

The Ontario Hospital Association knows that the financial and economic crisis facing Ontario is extraordinarily serious and that government revenues have fallen dramatically. Jobs are disappearing and people are worried.

Under these circumstances, which are unprecedented in recent memory, the people of Ontario want coordinated action. They want hospitals, LHINs and the Ontario government to work closely together, focusing on practical and realistic solutions to protect patient care.

Without change, the rising costs of health care overall are not sustainable, even before the current economic crisis. That's why the OHA is a strong supporter of health system transformation. Ontario's hospitals have a legacy of adaptability, and we work closely in partnership with government. We lead by example and focus our efforts on improving health system performance. We helped create Ontario's wait times strategy. We helped shape and implement the province's nation-leading patient safety public reporting regime.

Today, the government is balancing very demanding, often competing priorities in preparation for the next budget. As you know, the people of Ontario are proud of their hospitals, and people have high expectations when they are in need of services that only hospitals can provide.

In budget 2008, the Ontario government confirmed that the base hospital funding allocation would be 2.1%

for 2009-10, down from 2.4% for the current fiscal year. Additional resources are also provided, but only for targeted initiatives such as the wait times strategy and priority programs. Now the cost of operating Ontario's hospitals increases by more than 2.4% as a result of inflation, and this increase is due to responsible collective agreements intended to attract and keep nurses, as well as the cost increases from an aging and growing population.

Most hospitals in Ontario have signed a two-year accountability agreement with their LHINs, requiring that they achieve a balanced budget. Given the 2.1% base allocation, this means that the majority of hospitals are facing particularly serious financial pressures for 2009-10. Hospitals will make every effort to minimize the impact on access to services and on the workforce, but this will not be possible in each instance. So, already, hospitals are making choices. That's why many hospitals have recently moved to reduce costs by eliminating or reducing services and staff positions, including nurses.

For the past two months, representatives of the Ontario Hospital Association have been meeting with senior government officials and staff to discuss the fiscal and economic crisis and its potential impact on the hospital sector. Our discussions have been open and productive. We'll continue to work with the government in the time ahead as decisions are made about hospital funding.

Members of the Legislature and the people of Ontario can be proud of the efficiency of Ontario hospitals. Compared to hospitals in other provinces, Ontario hospitals do more with less funding per capita. Today, this produces a remarkable \$1.6-billion efficiency dividend; that's up from \$1.2 billion just a year ago. This is invested in other priorities of the government.

Unlike the mid-1990s, many hospitals today also operate near 100% occupancy. The government has made significant progress in the area of pandemic planning, but the hospital sector does not yet have the surge capacity needed to respond effectively in the event of an emergency as recommended by the Naylor report, the Walker report and the Campbell Commission on SARS.

Unfortunately, 20% of Ontario hospitals' in-patient capacity is now occupied by patients in need of care in another, more appropriate and less expensive setting, such as assisted living, palliative care, long-term care and home care. That's up from approximately 8% just two short years ago. While efforts under way to tackle the alternative-level-of-care patient challenge hold promise, the capacity to care for these patients outside of hospital settings does not yet exist.

Hospitals are facing enormous pressures to respond to the relentlessly increasing demand for services, and as hospitals move to put or keep their budgets in balance, they're not on equal footing. Because funding has been provided on an across-the-board basis, relatively more efficient hospitals, or hospitals in high-population-growth areas, receive the same annual increases as other organizations. This has created a distorted environment. More efficient hospitals, hospitals in high-growth communities, and small or remote hospitals have less flexibility to cut costs.

As we recommended in our last four pre-budget submissions, we believe strongly in investing in health services outside hospitals. Hospitals will also continue to transfer out certain services that can be delivered in the community, such as outpatient physiotherapy and outpatient lab services.

In some instances, hospitals are also embarking on long-overdue changes to consolidate services in order to achieve greater efficiencies and improve quality, as is the case with the Niagara Health System. We strongly support these reforms.

But even in making allowance for these measures, if the base hospital allocation drops lower than 2.1%—a level that is already generating a significant adjustment in services and workforce—a very large contraction in the capacity of the hospital sector will take place. This would have extremely serious consequences for patients. In particular, we believe that it would severely limit access to hospital care even further, generating much greater congestion in emergency departments and longer wait times for care, especially during the winter months and flu season. We know that neither the government nor hospitals want this kind of impact on quality of care.

1740

Given the urgency of the financial and economic crisis, the OHA therefore makes several recommendations to this committee and to the Ontario government. We recommend:

(1) That the government confirm its decision on the base 2.1% funding allocation in order to allow the hospital sector to move forward with implementing the measures necessary to operate within budget, including service changes and workforce adjustments, if and as they are necessary;

(2) That a productivity improvement fund of up to \$150 million be created, building on the success of Ontario Buys, that seeds measures that may improve hospital sector performance over the longer term and facilitates workforce adjustment paying for staff severance necessitated by the 2.1% allocation;

(3) That the government provide special assistance to small and remote hospitals, which today operate effectively as comprehensive community health centres, that are unable to cut costs further without affecting their long-term viability; and

(4) That additional funding be provided for the 20 to 30 hospitals that are already highly efficient, have a large forecast deficit unrelated to operational inefficiency and have poor indicators of financial health as measured by a very low current ratio, in order to avoid massive cuts in services and major dislocations of staff through layoffs.

It goes without saying that we also support the presentation made earlier today by our colleagues from the Council of Academic Hospitals of Ontario regarding health research and its ability to drive innovation and economic growth.

As I close, I want to reiterate the importance of partnership. Given the gravity of the economic crisis, the people of Ontario want hospitals, LHINs and the Ontario

government to work closely together to continue with health system change and focus on solutions.

The OHA will continue to build strong, adaptable, system-oriented leadership in health care through our Governance Centre of Excellence and our leadership institute, building on the very leadership of the hospital sector, that has led to its \$1.6-billion efficiency dividend for this province.

Ultimately, during these unprecedented times, the government and hospitals share the same vital objective: to avoid drastic cuts that will destabilize patient services and the hospital workforce.

I'd be happy to answer any questions.

The Chair (Mr. Pat Hoy): I think you're the only person today who has ended exactly on 10 minutes. So with that, we'll see how we do with five minutes of questioning. We'll go to the NDP.

M^{me} France Gélinas: A very good presentation, and I thank you for coming. Let me go back, but I'll jump directly to your recommendations. You are suggesting a productivity improvement fund of up to \$150 million. Can you elaborate a little bit on this, as to how you see those funds being used?

Mr. Tom Closson: Yes. This is sort of a combination fund. In the past, when there have been significant layoffs of staff in health care, it has been particularly helpful to have a labour adjustment fund, a fund that could be used for paying people severance settlements and also for offering early retirements to people, to enable younger people to be able to hold onto their jobs. So part of that fund would go for that purpose.

An additional part of the fund, though, would go for the purpose of actually investing in capital that would have a return on investment. I'll use the example of Ontario Buys, which is a supply chain which has led to cost savings of about \$12 million per year by refining the whole approach to supply chain for hospitals in this province.

A couple of other areas might be the regionalization of laboratory services and investment in technologies to improve energy efficiency. At some point, energy costs are going to go back up again. We believe that upfront funding now will prepare us to reduce costs over the longer term.

M^{me} France Gélinas: Okay. I can't help but feel a little bit queasy when I hear that \$150 million—part of this would be for the labour adjustment fund. Can you forecast how many layoffs you expect your members to have to do?

Mr. Tom Closson: As you know, there are already layoffs occurring in a number of hospitals around the province. In terms of coming up with numbers that we can feel comfortable with, we're working with the local health integration networks and we're interviewing all the hospitals that appear to be significantly challenged for 2009-10 to come up with a better understanding of exactly how they're approaching trying to balance their budgets, and we're trying to identify leading practices that can be applied in other parts of the province.

The other thing we want to get a better handle on—we believe that there are at least 20 to 30 hospitals that have very significant deficits for 2009-10 because of the approach to hospital funding that's been across-the-board. We have some hospitals that would have deficits as high as 10%. You could imagine, if a hospital has ever actually tried to balance its budget based on a 10% deficit, it would have a huge impact on the services they would provide the patients in that community and the number of people who would lose their jobs in that community.

We think that those hospitals, because we don't believe they've actually been dealt with fairly—they may be very efficient hospitals, but it's just sort of the luck of the draw because of the across-the-board funding approach—need special assistance. We hope that in the future, better methodologies will be used to allocate funding to hospitals.

M^{me} France Gélinas: Another part that is near and dear to my heart is outpatient physiotherapy. I'm a physiotherapist. As you see this care being delivered in the community, are you worried that the community physiotherapy clinics that are picking up those patients are private, for-profit, which means that people who are being laid off, people who live in poverty, do not have access to private physiotherapy clinics?

Mr. Tom Closson: Most hospitals in this province stopped providing outpatient physiotherapy services long ago. We're left with a few hospitals that do it. There's not a lot of logic as to why it would be provided by some hospitals and not provided by others. As you know, the government chose to stop funding physiotherapy services through OHIP a number of years ago, so there's obviously an issue there, but in terms of trying to balance budgets, to have a more level playing field across the province, this isn't a service that hospitals should be providing.

M^{me} France Gélinas: When you talk about outpatient lab services, do you see those lab services being picked up by the private labs in the community?

Mr. Tom Closson: That appears to be what's happening in a number of communities. The private labs, as you know, operate under a cap system, so if they haven't fully provided all of their services within their cap, they've been accepting outpatient services from hospitals. A number of hospitals are now transferring those services over to the private labs.

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

Mr. Tom Closson: Thank you.

ONTARIO BAR ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Bar Association to come forward, please.

Good afternoon. You have 10 minutes to present before the committee. There could be five minutes of questioning, and just identify yourself for our recording.

Mr. Jamie Trimble: Thank you, Mr. Chairman, and members of the committee. Thank you, first of all, for

giving the Ontario Bar Association the opportunity to participate in your consultation process. My name is Jamie Trimble. I'm a lawyer in Toronto and I'm the current president of the OBA. As you may be aware, the Ontario Bar Association represents the interests of slightly over 18,000 lawyers, judges, law professors and students in the province of Ontario. We are a member-based organization and the largest branch of the national association, the Canadian Bar Association. Our role is as the voice of the legal profession. We advance reasoned positions to both levels of government, to the public and to our regulator, the law society, for the benefit of our members but also to improve the law and the administration of justice in the province.

On behalf of our members, we have two submissions to make today. There are lots more, if you want them, but we have two for this evening.

1750

First of all, we urge you to consider amendments to the Business Corporations Act. Under the act, as it currently exists, lawyers are not allowed to issue non-voting shares to family members. Doctors can; dentists can; other professionals can. First, this is an issue of fairness for lawyers. It's also an issue of access to justice, which we will be pursuing with the Attorney General as well. In small towns and small communities throughout the province, the ability of lawyers to access the same rights and privileges as other professionals may be the difference between maintaining and not being able to maintain a viable law practice. That means that a lawyer serving the public in a small town, without this benefit, may be forced to leave that small community and move to a larger centre. Hence, it's an access-to-justice issue. We submit to you and to the government that this is an unfair and inappropriate situation wherein doctors and dentists, among others, can avail themselves of this opportunity and lawyers cannot.

The primary matter on which I wish to address you today is related because it's an access-to-justice issue. I want to highlight some of the critical realities that the Ontario justice system faces.

Some of you may be aware that in May of this year, the Ontario Bar Association, after a long series of—using our words—town hall meetings, released its justice stakeholder summit report. I think it's called Getting It Right. We are pleased that the government has received that. We are pleased that they are acting on a number of the recommendations we've made.

It's our view that in Ontario our justice system is unparalleled. We have a marvellous system; it's the envy of the world, but it has problems. One of the problems is the approach that we have taken to it. In our view, Ontario's justice system cannot continue to be a tier-two item in the budgetary process and at the cabinet table.

The justice system and the rule of law underpin Ontario's civilized society. Without them, we have no viable society. Those who serve in the justice system are as relevant and as essential to Ontarians as those who provide us with health care and education.

Individuals' rights and liberties are the subject of matters in our courts on a daily basis in Ontario's criminal, family and civil justice systems. The rule of law and an effective judicial system represent the foundation and the cornerstone of our civilized society. We cannot operate a viable system of commerce in the province without it.

We are facing economically difficult times, as you know. One picks up the *Globe and Mail* and it's reinforced on a moment-by-moment basis. With this will come an increased strain on Ontario's justice system. Tough times, unfortunately, are often accompanied by higher crime rates, higher domestic violence rates and family breakdown. The need for a sustainable, accessible and adequately funded legal aid system is all the more pressing as we enter and continue down into what looks to be an economic downturn.

Legal aid, both as a component of the justice sector budget and of overall government spending, is relatively small. Adequate funding of legal aid represents an exceptional value for money for our taxpayers in terms of both its positive impact on individuals' lives, those people who are having to deal with family breakdown and criminal matters, and also in communities generally.

Conversely, the neglect of legal aid has a direct and immediate impact on individuals in Ontario as well as on public confidence in the administration of justice and the legal system in Ontario. Particularly, as more and more people require access to it, they will turn to legal aid for assistance.

The central theme of our submission to the government's legal aid review last year was the need for continuing significant and sustainable investment in legal aid. This need is dire and it is getting more so. There's an immediate need to increase both the tariff and the overall funding for legal aid services. It's necessary to ensure that lawyers are able to accept legal aid work. It is essential to deal with the ongoing requirement to institutionalize a system of periodic adjustments, preferably in the budgeting process, to ensure that legal aid services are adequately and appropriately funded now and in the future.

To give you an example, over 35% of family law applicants are turned away from legal aid. That means that hundreds of people, predominantly single mothers and children, are left with no ability to meet their needs in our family judicial system. The ripple effect is horrendous as many of them, at the same time, are facing issues of poverty and having to turn to social assistance.

These people have no choice but to access the court system in order to deal with their need, and many of them attempt to represent themselves. They are often no match for experienced counsel for their opponent, and judges have no option but to spend valuable time that they should be spending adjudicating the issues, assisting unrepresented litigants having to deal with the legal process: how to file forms, how to fill out forms and how to present evidence. We understand from recent information that about 50% of the cases in family law courts involve

at least one unrepresented litigant. Anecdotally, I'm told by some judges that at least half of those have no lawyer involved in the process. This is across Ontario, not just in Toronto or in any one specific place.

Therefore, we urge the Ontario government to make the justice system a government priority. We have participated in these kinds of sessions and presented the same message, and we will continue to do so. The citizens of this province deserve a justice system in which they have confidence that it is accessible—and accessible in a timely manner—and for which legal aid assistance is available to those in need.

There are tremendous demands on the system, and this is not new; they are documented every day in the *Globe and Mail* and on radio talk shows. The rule of law and the justice system we have must ensure that there is a viable legal system in place which has the same priority as both health care and education. This will ensure that the three pillars of our society—education, health and justice—are met and support our way of life.

Thank you very much. I don't know how I did on my time, but I think I'm pretty good.

The Chair (Mr. Pat Hoy): You're in record speed.

Mr. Jamie Trimble: Thank you.

The Chair (Mr. Pat Hoy): Much quicker than the last, anyway.

We'll go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Thank you very much for the presentation. I noted in your presentation, and you said in your closing comments as well, that you have either been here in this committee or in others in the past and that you'll continue to do so, which is a good thing, obviously. I know you're going to pursue the Business Corporations Act with the Attorney General as well, and certainly it's an appropriate strategy to keep the matter in front of government as need be.

The issues around legal aid are ongoing. I'm trying to recall, and I think we made a fairly significant funding enhancement to the legal aid system two or three years back—my memory is not that good around it, but it's sort of sitting there. Do you recall what we did with that, in that sense? Obviously, from your presentation, it's not sufficient to meet the ongoing demands that are still there, whether or not we have the economic situation we have today.

Mr. Jamie Trimble: My memory tells me—Louise can correct me—that it was \$51 million, and I think it was two years ago—

Ms. Louise Harris: Over three years ago.

Mr. Jamie Trimble: —over three years ago, and it was a one-time infusion. It was needed, and it was wonderful that it came. But the issue isn't one-time infusions; the issue we face is an ongoing commitment of sustainability. That is a chronic issue with legal aid at the moment.

Mr. Wayne Arthurs: Okay, thank you.

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

ONTARIO LONG TERM CARE
ASSOCIATION

The Chair (Mr. Pat Hoy): I now call on the Ontario Long Term Care Association to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I would just ask you to identify yourself for our recordings.

Ms. Janet Lambert: I'm Janet Lambert. I'm the executive director of the Ontario Long Term Care Association. With me is the vice-chair of our board, Grace Sweatman, who is executive director of Christie Gardens, which is a not-for-profit long-term-care home in downtown Toronto and one of OLTCA's members.

We thank the committee very much for hearing us on behalf of our members, who provide a home, and the care and services in that home, to some 50,000 Ontarians, or 70% of Ontarians in long-term care.

We represent a sector perspective: the collective voice of private, not-for-profit, charitable and municipal long-term-care homes; in other words, all the different types of long-term-care homes.

These are tough economic times, and government will have to make tough budget choices in 2009. However, care for 76,000 of Ontario's oldest and frailest citizens must remain a government priority.

It is the right thing for those who have already sacrificed in tough economic times in the past and who no longer have time on their side. A viable long-term-care sector that provides appropriate resident care in a quality, sustaining environment is also the right thing for Ontarians.

This is consistent with the minister's recent speech to the Ontario Nurses' Association, where he said: "You want to do something about emergency rooms? You have got to get long-term care and you have got to get that right too." He also acknowledged that resources and working smarter are required to raise the bar on care and service levels.

We believe that there is a need and the opportunity to do this in the 2009 budget. Getting long-term care right starts with recognizing that long-term care is home for the 76,000 residents who live there. If these residents get the care and services they need in their home, they won't go to hospital emergency rooms or be admitted to an acute care bed. Similarly, the 1,800 ALC patients now waiting daily in hospitals will have the confidence that they can move to long-term care as soon as the opportunity arises.

A brief overview of our sector's funding structure and recent trends will provide clarity for our suggested solutions. Our sector is funded in three envelopes: nursing and personal care, the NPC envelope; program and support services, the PSS envelope; and the other accommodation, or the OA envelope. NPC and PSS are fully funded by government for direct care staffing and supplies. They're what we call pass-through envelopes, in that any unspent funding is returned to government after it has been audited.

The OA envelope is funded primarily by the resident co-payment for lodging and related services that support the capacity, quality, safety and dignity of the home and the care environment. Government controls OA funding through regulation, and homes are allowed to retain any annual surpluses.

We fully appreciate that since 2002, successive governments have increased funding to raise nursing care and service levels. This government continued this trend in the 2008 budget, and for that, we thank you. The increased funding has made a difference. Average daily resident care levels for nursing have risen from 2.04 to 2.7 worked hours. Every year, homes are providing care to older, frailer and sicker residents. Innovations are emerging everywhere, from resident safety and quality improvement initiatives to delivering convalescent care, peritoneal dialysis, and other specialized programs that we normally see in hospitals. In communities all across Ontario, homes are beginning to partner with LHINs, hospitals and others to enhance local access to health care services.

The attached summary you've received outlines our estimate that it will take government's existing commitments plus \$260 million to support this process and address remaining care and service issues. In view of government's tightened fiscal capacity, we offer the two following solutions that will help to continue to advance resident care and service levels in the current economic environment.

Our solutions are built on three principles. Those are:

—invest directly in the expertise in long-term care to impact sector care levels and hospital ALC and emergency wait time issues;

—invest to maximize both short- and long-term return to residents and to our health care system; and

—supplement investments with innovation and policy decisions to enable homes to work smarter in the best interests of the resident.

Our first solution: Strengthen the homes' capacity to provide those services that directly support resident care, dignity, safety and quality of life. Since 2003, increased investments in our sector have been primarily for additional direct care staff in the nursing and personal care envelope. The notable exception was the raw food funding increase on top of that.

We still need more staff to provide hands-on care, and I'll address this in a moment. Over this period, however, resources for other essential services actually began to erode. These are other accommodation-envelope-funded services, such as building maintenance and repair, daily housekeeping and cleaning, laundry, meal preparation and service, staff training and education. The cost of providing these services increased by 3% annually, whereas annual funding to the homes increased only by about 1.5% annually. The result is an accumulated funding deficit for these key services of \$48 million since 2003. In addition, with this same funding, homes have had to absorb double-digit utility cost increases and inflationary increases in other costs.

Homes have absorbed these cost increases through prudent financial management, staffing hour adjustments, and delays in staff replacement and in major maintenance projects. Our members are now advising us that this capacity is exhausted. A strategic investment to address this erosion in 2009 is critical in four key areas:

- avoid service reductions that directly impact residents and their families;

- retain the home's capacity to provide a secure care environment, including the infection control and staff education practices that respond to the risks from things like *C. difficile* and other superbugs;

- support the ability to invest in and/or adapt their operations to enhance the service capacity to provide a home for ALC patients who have higher, or different, care needs; and

- now that the details of the capital renewal program for B and C homes are known, strengthen the home's capacity to secure the financing necessary to participate in this program.

This program will make three- and four-bed wards a thing of the past in this province. Our early analysis of the program's details suggests that without this strengthened capacity, homes will experience financing difficulties, particularly in this current economic climate.

While not directly related to the 2009 budget, but in the context of working smarter, the ability of renewing B and C homes to strategically add beds will improve local access to long-term-care services and the viability of individual projects.

Other strategic high-return care and service investments in the 2009 budget include directly addressing utility costs and increasing incontinence product funding by 80 cents per resident per day from the current \$1.20 per resident per day.

Our solution number 2: Keep, and if possible accelerate, government's 2008 budget staffing commitments. Government must continue to implement the 2008 budget commitments to fund 2,500 more personal support workers over three years and 2,000 more nurses over four years. This will bring our average daily resident care levels close to 3.0 worked hours by 2012. Our resident care levels will then more closely match resident care needs. This is a critical issue for residents, families, staff and operators. It's also a critical issue for Ontarians. Additional hands-on care means increased capacity to be effective care partners with hospitals and families.

Last year, the ministry identified that some 3,000 long-term-care residents end up in hospital emergency rooms every month. This happens for two reasons: Homes are unable to provide the additional care residents need, and more importantly, families and physicians don't have the confidence that the home can respond appropriately to increased care needs suddenly with current staffing levels. Their instinctive response is transfer to the ER. Implementing the existing staffing commitments will provide more of the care residents need in their homes, not in hospital emergency rooms. ALC hospital patients will know they've got the care they need in their new home.

The resident care impact of these commitments can be enhanced with a work-smarter approach that provides increased flexibility for homes to use the funding provided for care staffing. Currently, the funding for these commitments, as well as the recent 1,200 registered practical nurse commitment, is tagged funding. It must be spent annually for the designated purpose or be returned to government, irrespective of unmet care needs within the home. Homes are not allowed to carry any unspent funding forward or to hire other needed care staff if, despite their best efforts, they're unable to hire the exact designated staff type.

For example, our members estimate that some 35% of the total 2008 registered practical nurse funding will be returned to government as the result of a combination of funding timing and RPN recruitment issues timing. This is over \$20 million of hands-on care that residents will not receive. Residents would benefit if homes were allowed to carry this funding forward and if they had the flexibility to do things like hire other direct care staff in the short term, such as an RN or a PSW if there was no RPN available.

In conclusion, we ask for your support in ensuring that long-term care is a priority in the 2009 budget and for our solutions, which we believe represent strategic, viable and work-smarter solutions that, to quote the minister, will help get long-term care right.

In the face of what the Toronto Star's series on aging termed a demographic tsunami, it's critical that we continue the progress made to date, despite the current economic climate.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the official opposition.

Mr. Ted Arnott: Thank you very much for your presentation this afternoon. We do appreciate your coming in today, as well as the good work that you do on behalf of your members, as well as the residents who live in the long-term-care homes. All the work that you do is very much appreciated by all of us; I know that.

When our party was in government, we announced 20,000 new long-term-care beds. It was a significant announcement because there hadn't been any long-term-care beds built in quite some time, and it was a significant expenditure of money. It's my understanding that today there are 1,800 people waiting in acute care beds who would like to get into long-term-care beds, so I guess my question is, do we need to be building long-term-care beds now?

Ms. Janet Lambert: We're at over 98% capacity on average throughout Ontario. We're investing in capital renewal of B and C beds. This is the perfect time to look at what we call bed top-ups, which is getting some more licences to top up the current number of beds in a home that's undergoing capital renewal.

For one reason, we're going to potentially see some losses as homes become bigger to get better standards, so some walls will get bashed in, and where a three- or four-bed ward would exist, it will now be a one- or two-bed room.

We need to have an increase from that perspective, and we need to have an increase to make projects more viable. If you, for example, go from a 32-bed unit to a 40-bed unit, you can actually staff better as far as the nurse-to-resident ratio, and it just makes a project a little more viable. This is the opportunity, now that we're building and doing capital renewal.

Mr. Ted Arnott: There's an independent nursing home in Wellington county, close to Guelph, that I'm well acquainted with. For years, the owner was trying to get two additional beds just to improve his operational efficiency and just couldn't get the government to see fit to do it. Even though new beds were approved for the city of Guelph recently, his nursing home, which is about two or three kilometres from the boundary between Guelph and the county of Wellington—he wasn't given the opportunity to even pursue that, unfortunately. Is there an operational funding deficit in terms of our funding of nursing homes today?

Ms. Janet Lambert: In terms of us getting to what we call the provincial average, we operate on a per resident per day hours of direct care. The average throughout all the provinces in Canada is 3.0 worked hours or more, depending on the province, and Ontario, up until the

2008 budget announcements, had been virtually last in terms of per resident per day hours worked.

The funding commitments in the 2008 budget would get us to today's average by 2012. We hope those commitments aren't at risk.

Mr. Ted Arnott: Is that just an issue for private operators, or is it an issue across the sector?

Ms. Grace Sweatman: I can answer that one because I'm a not-for-profit operator. It's a sector-wide issue. The amount of funding—and we've talked about the other accommodation envelope, and I was considering what did that help me with. Well, the roof is patched; it needs to be replaced. We can't even come close to dining service, and that's under that envelope, as well. Our challenge is to maintain a sweet-smelling, clean home. It's our commitment. That's that envelope.

Then, from a very clear health perspective, effective management of the infection control—the infections that seem to come our way—is handled through house-keeping, so we have dietary, housekeeping, laundry and maintenance. We all have the same dilemma.

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

The committee adjourned at 1800.

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CONTENTS

Thursday 4 December 2008

Pre-budget consultations	F-533
Canadian Hearing Society, Toronto	F-533
Ms. Kelly Duffin; Mr. Gary Malkowski	
Canadian Association of Accredited Mortgage Professionals	F-535
Mr. Jim Murphy	
Ontario Campaign 2000	F-537
Ms. Jacquie Maund; Ms. Stacey Bowen	
Communications, Energy and Paperworkers Union of Canada, Ontario region	F-539
Mr. Bob Huget	
Ontario Coalition for Social Justice	F-542
Mr. John Argue	
Ontario Secondary School Teachers' Federation, provincial office	F-544
Mr. Ken Coran; Mr. Dale Leckie	
Council of Academic Hospitals of Ontario	F-546
Mr. Murray Martin	
Canadian Union of Public Employees, Ontario division	F-548
Mr. Sid Ryan	
Certified Management Accountants of Ontario	F-550
Mr. Merv Hillier	
University of Calgary	F-553
Dr. Jack Mintz	
Hugh Mackenzie and Associates	F-557
Mr. Hugh Mackenzie	
Toronto Board of Trade	F-562
Ms. Carol Wilding; Mr. Richard Joy	
Community Social Planning Council of Toronto	F-565
Mr. John Campey	
Canada's Association for the Fifty-Plus	F-567
Ms. Susan Eng	
Ontario Association of Residences Treating Youth	F-570
Mr. Richard Solomon; Mr. Gordon Moore; Ms. Andrea Rifkin	
Registered Nurses Association of Ontario	F-573
Ms. Wendy Fucile; Mr. Kim Jarvi	
Metro Toronto Chinese and Southeast Asian Legal Clinic	F-576
Ms. Avvy Go	
Ontario Home Builders' Association	F-578
Mr. Frank Giannone; Mr. James Bazely	
Ontario Hospital Association	F-581
Mr. Tom Closson	
Ontario Bar Association	F-583
Mr. Jamie Trimble	
Ontario Long Term Care Association	F-585
Ms. Janet Lambert; Ms. Grace Sweatman	