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Wednesday 3 February 2010

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Mercredi 3 février 2010

**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

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 3 February 2010

Mercredi 3 février 2010

The committee met at 0901 in room 151.

PRE-BUDGET CONSULTATIONS

The Vice-Chair (Mrs. Laura Albanese): The Standing Committee on Finance and Economic Affairs will now come to order. We are pleased to start the third day of consultations in Toronto for the pre-budget 2010.

For those present, I just would like to remind them of the protocol. Each presentation is a total of 15 minutes. The presenter is allowed 10 minutes for their presentation, and then that will be followed by five minutes of questioning. The questioning goes in rotation and the first one will go to the official opposition.

CITY OF OWEN SOUND

The Vice-Chair (Mrs. Laura Albanese): Having said that, we welcome our first presenter, the mayor of the city of Owen Sound, Her Worship Ruth Lovell Stanners. Please identify yourselves before you begin for the purposes of our recording Hansard.

Ms. Ruth Lovell Stanners: Good morning. I'm Mayor Ruth Lovell Stanners, from the city of Owen Sound.

Mr. Jim Harrold: I'm Jim Harrold, city manager.

Ms. Ruth Lovell Stanners: First, I would like to thank you very much for including us in today's deliberations. We really appreciate the opportunity to speak.

For those who don't know, Owen Sound has a population of 21,500 and is located in the Bruce-Grey-Owen Sound riding. We're a little short of representation right now, because our member is on a holiday—

Mr. Peter Shurman: We heard that.

Ms. Ruth Lovell Stanners: —so we're here, stating our case.

Mr. Michael Prue: Oh, that's putting it gently.

Ms. Ruth Lovell Stanners: Yes, it is.

We're about three hours northwest of here. We have the only commercial shipping port left on Georgian Bay and a mixed economy that provides stability yet has not been immune to the economic downturn in 2009.

Like some other small cities in the province, Owen Sound provides service to a wide region that is mostly rural. Our daytime demand for infrastructure and service is much greater than our resident population would indicate. We go up to a population of about 45,000 during the day.

We know that yesterday you received a delegation from the Association of Municipalities of Ontario. We are members of AMO and support its objectives and what it does. Yet we also appreciate that with one strong voice, AMO must speak for a very wide constituency across the province. Sometimes, from necessity, that voice can skip some important local messages. As we all know, all politics is local, so today we bring you our local message to supplement the voice of AMO.

We would like to accomplish two objectives. We want to raise a couple of overarching financial concerns that we hope the upcoming budget will address: first, the uncertainty and inconsistency of the Ontario municipal partnership funding, which we will refer to as OMPF from here on; and second, the need for more effective regional cost-sharing, particularly addressing court security costs.

Our second objective is to provide for consideration some suggestions that can address the challenges confronting small cities while addressing some key provincial strategies.

Let me start with OMPF. The current OMPF formula for funding favours small, rural and northern communities over regional cities. Communities similar to Owen Sound that have over 10,000 citizens, are urban and are not in northern Ontario may eventually receive almost nothing from OMPF. For the last several years, we have received just over \$2 million, and we raise \$20 million in taxes. To lose \$2 million is equivalent to a 10% tax hike.

Let me be more specific: Of the nine lower-tier municipalities in the county of Grey, the one that provides most of the regional services for the area, that being Owen Sound, may receive the least amount of OMPF grant funding. By comparison, another urban municipality within our county with a population of under 10,000 citizens will be receiving \$2 million in OMPF funding from the province. Also, a largely rural municipality that provides very few regional services to area residents will be receiving nearly \$2,500,000 in OMPF grant funding. What logic can explain these apparent discrepancies to the city of Owen Sound taxpayers?

Beyond the confounding formula, there is the problem of uncertainty. This year, all municipalities learned of a dramatic funding change in late December along with some vague foreshadowing of what might happen next year. We encourage the budget to be clear as to what might happen in future years. These dramatic changes

require strategic, not tactical, responses, and we need to know how the funding will unfold in the future. Please help eliminate that mystery.

We urge you to advocate that the minister revisit and renew the OMPF formula to be fair to all municipalities. The current formula is flawed and needs attention.

Court security costs: Currently, those municipalities that are home to a provincial courthouse must bear the full costs and responsibility of providing court security. The unfairness of this situation is so obvious that it hardly needs any further discussion. For the provincial courthouse in Owen Sound, over 50% of the caseload is for non-Owen Sound residents.

As part of the Provincial-Municipal Fiscal and Service Delivery Review, there is to be a new cost-sharing of court security costs to the province beginning in 2012, with full implementation in 2018. It is imperative that full implementation of all court security costs is completed as soon as possible. Yet even when it is implemented, cities like Owen Sound will be left carrying a burden of costs generated by the residents of other municipalities. This situation may exist in many locations, but our message today is that its impact is amplified in small cities with large regions. The proportionality is dramatic.

In fact, yesterday I had a conversation with Mike Harding, the mayor of Woodstock, and they're finding themselves in this same position and will no doubt be asking for some help.

As the provision of the judicial system is not a municipal responsibility, the costs for courthouse security should no more be a municipal responsibility than the cost of courthouse building maintenance. Some may say that the payment in lieu of taxes on courthouses should offset the costs of court security. Municipalities collect PILs to provide services that all property taxpayers have the right to avail themselves of, such as road and street maintenance, fire and police services, planning, recreation and a myriad of other services. However, with no other property taxpayers does any municipality then extend services to include the provision of on-site security other than to courthouses.

Of course, our first choice for a remedy would be for the province to truly upload court security costs immediately, because the unfairness of this situation has already gone on too long. However, we recognize the negotiated agreement that is in place and, as such, we encourage our financial stewards to address this injustice by providing small cities the statutory authority to allocate costs to the municipalities that generate the need for security. The Thomas report recommended that court security costs be distributed appropriately amongst all lower tiers in a region.

0910

Some of you will recognize that we have been somewhat of a tireless voice on court security matters. We have previously offered ideas of covering court security through POA revenues or through court-related fines or fees. We believe the province needs fresh thinking on court security. The uploading limit of \$125 million is

capped at an estimate of 2008 costs, and this means there will always be some burden of court security costs on municipalities like Owen Sound. You need to encourage a proper source of funding for these security costs other than the market-assessed property taxes in the host municipality.

I now turn to address our second objective of other ideas for consideration in the provincial budget. We encourage the province to consider allowing seniors to write off property taxes as an expense against income. Yes, this could create some tax room for municipalities, especially in small cities where the proportion of seniors is higher, but it would also provide encouragement for seniors to remain in their homes longer—a strategy that fits the health and social objectives of the province.

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds left.

Ms. Ruth Lovell Stanners: The cost of this approach is minimized because of the lower incomes of many retired seniors, yet the benefit seems to have a very strong upside. We do not have ready access to the data necessary to provide a full financial assessment of this approach, but we think it is an idea whose time is right.

Our seniors population is poised to increase dramatically, our institutions and policies would benefit from seniors staying in their homes, and cities may have slightly more tax room. We also know that the province has significant financial challenges, and we believe that seniors able to stay in their homes are more likely to be part of an active economy.

The Vice-Chair (Mrs. Laura Albanese): Thank you. Unfortunately, the time is up, so I will turn it over for questions to Mr. Shurman.

Mr. Peter Shurman: Thank you, Mayor Stanners, for an interesting presentation—and we say that to everybody, but in your case, particularly so. We've heard from so many municipalities, large and small, in our travels for the last week and a half, and you've presented a couple of ideas that really haven't been put on the table yet.

I'd like to work backwards from the seniors' property tax writeoff idea, which I think has a lot of merit. I myself had a private member's bill that failed last year—for reasons that don't matter, at this point, anyway—that would have allowed seniors not to write off their property taxes, but to defer them at a nominal interest rate until either their death or the sale of their home. I thought it was a good idea. These kinds of schemes exist but there's no take-up on them because they're disparate all over the province.

The point is that you raise a valid issue. We're all talking about seniors staying in their home as long as possible. We're all talking about preserving dignity at a time when seniors' savings have been hit particularly hard by the recession, and they're on fixed incomes. So, the seniors' writeoff on property taxes—was it your feeling that it would somehow or other be a quid pro quo for the increased electricity charges or whatever as a result of HST?

Ms. Ruth Lovell Stanners: Well, I'm not linking it directly to HST. As you mentioned, a lot of them have

found their incomes diminished dramatically in the last year or two. We have a very high seniors population in Owen Sound and a lot of them are on fixed incomes, and the CPP and their pensions are not keeping pace with the cost of living. So if this property tax could be written off, I think it would help seniors. We do hear from seniors as we go into tax budget times that they can't afford any more increase—and we can't afford not to.

Mr. Peter Shurman: It also wouldn't be an awful lot of money in the overall scheme of things, because when you talk about a writeoff, you're not talking about a refund. You're talking about a tax deductibility option for a person who's not on the earning side but rather living off retirement income of some sort. Some of them are high but most of them aren't. So I thank you for putting that on the record.

The other thing is the issue of court costs, which is a concern, again, raised for the first time in the course of these hearings only by you and your city. It seems grossly unfair. Can you walk us through briefly again—because I know you alluded to it—how you see the reapportionment of those funds?

Ms. Ruth Lovell Stanners: We would like to have the legislative authority to simply bill the municipalities directly for the service that we're providing in terms of court security. While 50% is high—when I say that many of the cases are Owen Sound cases—the other municipalities' residents who are using the courts are our cost, the security is our cost. So we would just bill back to the municipalities. Right now, we can't.

If you can work out an agreement with your upper tier, that's ideal. Sarnia has done that, but they're the only ones that I know of that have worked out an arrangement that is satisfactory to both sides. We haven't been able to go there in Grey county.

Mr. Peter Shurman: Thank you.

Mr. Norm Miller: Thank you for your presentation. I was interested in your point about OMPF funding and the inconsistency of it. You mentioned that there were late-December budget changes. What specifically were those changes?

Ms. Ruth Lovell Stanners: We lost \$400,000 from our former funding in Owen Sound.

Mr. Norm Miller: And you just learned about that in December?

Ms. Ruth Lovell Stanners: In late December.

Mr. Norm Miller: Well, that is interesting, because I think it's certainly not fair to you when there are only a few months before the start of the new budget year, being April 1.

Ms. Ruth Lovell Stanners: It isn't fair.

Mr. Norm Miller: And it makes it very difficult for you to plan, going forward, as to what you're going to do.

Interjection.

Ms. Ruth Lovell Stanners: It actually was January.

Mr. Jim Harrold: Our budget year is January 1.

Mr. Norm Miller: Okay. So it's impossible—

Ms. Ruth Lovell Stanners: It's impossible.

Mr. Norm Miller: —for you to plan on what you're going to do.

Ms. Ruth Lovell Stanners: We're going into our third full day of pre-budget meetings tomorrow. We have to keep going back and revisiting because of—

Mr. Norm Miller: So I assume, then, you've made all your plans and decided everything, and then you get this last-minute change so you have to go back and revisit it all.

Ms. Ruth Lovell Stanners: That's pretty well it. We have two days set aside to see if we can deal with the shortfall, which is at least a 2% increase in our property tax.

Mr. Norm Miller: And what would that mean for the average family?

Ms. Ruth Lovell Stanners: It's \$300.

Mr. Norm Miller: It's quite significant, then. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for your presentation this morning.

Ms. Ruth Lovell Stanners: Thank you. We appreciate the opportunity to present to you.

ONTARIO CONVENIENCE STORES ASSOCIATION

The Vice-Chair (Mrs. Laura Albanese): We'll now call on the Ontario Convenience Stores Association to come forward. Good morning. You will have 10 minutes for your presentation. That will be followed with five minutes of questions, and this rotation will go to Mr. Prue and the NDP. You may begin after you state your name for Hansard.

Mr. Dave Bryans: Good morning, everyone. I'd like to thank the members of the committee for affording me the opportunity to testify today in front of you. My name is Dave Bryans. I'm the president of the Ontario Convenience Stores Association.

Our association represents close to 10,000 convenience store retailers in the province. We're located in every town, city and village in Ontario. These stores together represent about \$15 billion a year in sales, and over three million Ontarians a day come into our stores in every community. In addition, we directly employ over 50,000 Ontarians in our industry.

Today, however, the convenience store industry is at a crossroads. Growing government regulations, the economic climate, and the runaway trade in contraband tobacco have put substantial pressure on our members. Convenience stores across the province are closing as a result of these pressures. In fact, over the last two years almost 1,500 small family convenience stores have closed in Ontario.

It may come as a surprise to you, but tobacco products make up anywhere from 35% to 75% of the average convenience store's daily revenue. The impact on convenience stores of contraband tobacco is not only the loss of direct sales, as in the sale of legal cigarettes, but also

the drop in foot traffic and the impulse and secondary purchases that go with that foot traffic.

Contraband tobacco remains one of the most serious problems our industry and indeed this government face today. Contraband cigarettes are illegal cigarettes that are sold without any taxes being collected and do not adhere to any government-mandated health regulations.

The vast majority of illegal cigarettes originate in illegal factories in Canada and the USA. The RCMP estimates that close to 90% of illegal tobacco is smuggled into this country in and around Cornwall, Ontario.

0920

Contraband cigarettes' share of the Ontario market has skyrocketed from 24% in 2006 to a whopping 49% today. These cigarettes can be found in the homes of one out of every three smokers in the province. The Canadian Cancer Society and the Heart and Stroke Foundation have addressed contraband as the single biggest cause of increasing smoking rates among youth and adults. In 2007, the Ontario Auditor General estimated the lost taxes to the Ontario treasury alone to be \$500 million. Extrapolating the tax losses by the contraband growth rate today would place the loss at about \$1 billion this year. Contraband tobacco represents nothing less than a crisis today, not only for convenience stores but for society as a whole.

Over the past year, the province has taken some positive steps in combating contraband tobacco, including applying penalties to end users and increasing enforcement. Unfortunately, these measures have not reduced the level of contraband. Additional enforcement, while part of the solution, is not the cure-all. Today, Ontario's laws present a hindrance to combating organized crime, reducing law enforcement effectiveness and requiring duplication in role and responsibility. Treating a major source of revenue for organized crime as simple tax evasion is neither intelligent nor effective.

Currently, contraband tobacco is combated by both the enforcement arm of the Ministry of Revenue and the RCMP. Should an OPP or municipal officer encounter contraband through their daily activities, such as a simple traffic stop, either the Ministry of Revenue or the RCMP must be brought in to complete the investigation and lay the charges. This does not need to be the case for Ontario. In Quebec, for example, recently passed legislation Bill 59 empowered local police to enforce provisions of the Tobacco Tax Act without the assistance of other agencies. This is a model which should be looked upon by Ontario and implemented as soon as possible. In addition, much like in Bill 59, Ontario should act to more closely license tobacco manufacturing while placing limits on ownership of tobacco manufacturing equipment.

Lastly, the province should shift the point in the supply chain where taxes are collected. By collecting all taxes at the manufacturing or wholesale level, the province would simplify the process of tax collection and avoid the potential issue of diversion of legal cigarettes into the underground economy, as was the case in the early 1990s.

Another issue of concern to Ontario convenience store operators is the new harmonized sales tax. While we applaud the McGuinty government for implementing this courageous tax reform plan and recognize the significant administrative and direct savings which will accrue to our members as a result, we can't ignore the potential negative effects on the contraband tobacco trade. In 2002, the tax structure in Ontario on tobacco was restructured, removing the provincial sales tax while shifting the equivalent amount on to the provincial tobacco tax. This was done to change the point of tax collection to the wholesale level in order to combat what was then seen as a growing bootlegging problem. Legal cigarettes, which are marked by a yellow tear tape—they're called Ontario marked products—were being diverted from tax-free sales on aboriginal reserves back into the legal channels to avoid paying Ontario taxes.

As you can see, the HST, while replacing the PST on most goods, is not replacing the PST equivalent placed on tobacco products. This change will increase the yellow band bootlegging margin to 13%, or \$9.26 for the average carton of cigarettes. In addition, the HST increases the economic incentive for consumers to seek out contraband tobacco by increasing the price of tobacco products sold in our stores and legal outlets. An increase in economic incentive will increase the contraband problem, notwithstanding additional enforcement.

So where can the government go from here? The 2010 budget must include funds to create a dedicated joint OPP/Ministry of Revenue task force to combat contraband as a pilot project, to continue as needed until necessary changes can be made to the law to allow direct OPP and municipal enforcement of the Tobacco Tax Act. This initiative, if successful in decreasing the market share of contraband, will likely more than fund itself right away.

Furthermore, the budget should consider reorganizing the taxation of tobacco to ensure tax is collected at either the wholesale level or the manufacture level to counter typical tax avoidance strategies. This would guarantee all levels of government their tobacco taxes.

Lastly, the budget should set aside funds to strike an industry-government task force on the regulation of tobacco manufacturing implements to ensure that organized crime cannot set up shop manufacturing cigarettes right in our backyard.

Finally, the convenience store sector takes the responsibility of selling age-restricted products very seriously. From tobacco and lottery to magazines and fireworks, our sector sells more age-restricted products than any other retail outlet in this country. As a result, we are proud of the work and effort we have invested in the development of our responsible-community-retailing model, which includes the widely recognized We Expect ID training program.

Recently, we launched a brand new online training system for our members to thoroughly educate, train and certify their employees in a wide range of skills. We believe our We Expect ID training programs can assist all Ontario retailers in controlling age-restricted products

from reaching the hands of any minor. As an example, Ontario Lottery and Gaming now provides retailers with the ability to confirm a customer's age on the lottery terminal in each store with a simple swipe of their driver's licence.

We believe this sharing of common goals and training programs will protect our youth and can be achieved at a lower cost than having different government agencies and retailers each doing their own individual programs.

Secret shopping tests are being completed by Alcohol and Gaming, Ontario Lottery, smoke-free Ontario—including 36 health boards and over 200 tobacco enforcement officers—and our retail members. Sharing the results and costs would be a benefit for everyone.

As our program is rolled out, we request the government work with us on a financial commitment to ensure this model continues to be delivered with the highest possible standards so that all Ontarians benefit.

We in the convenience store industry represent a significant component of Ontario's economy. With convenience stores in every community, large and small, we hope that the government continues to recognize and support our industry as a vital contributor to our province's economic regime.

Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your submission. I would now ask Mr. Prue to begin the questioning.

Mr. Michael Prue: Thank you very much. I think you quite correctly point out that the government of Quebec has done what is necessary to try to stem the flow of illegal tobacco. This province has woefully done almost nothing. Would you agree with that statement?

Mr. Dave Bryans: Yes, if you sat where I sat. We sort of get pointed in each direction. We want to work with the government and this committee to somehow correct this wrong in society.

Mr. Michael Prue: You have raised the issue of the new HST on tobacco products and how this is going to increase the costs of tobacco in legitimate retailers such as your own. You are not the first person that has come forward. The construction industry has come forward and said, "This is going to drive services underground." Although not to this committee, groups like Molly Maid have talked about the maid services and cleaning services across Ontario being driven wholly underground.

If the HST goes ahead, and it appears likely headed in that direction, what decrease do you foresee in tobacco sales as more and more people, I'm sure, will go underground?

Mr. Dave Bryans: First off, it's a great question. We're quite concerned because it will drive about 20% more of the adult smoking population underground or out to aboriginal reserves to purchase their products.

But, more importantly, the government—we're not against tobacco taxes. We're not against taxation. All we want to do is collect it at the source and make the playing field even. Small business isn't saying to the government, "Don't increase tobacco taxes." What we're saying is,

"Let's make the playing field even. Let's collect the taxes on all products from all sources, and our business models will continue."

At the rate it's going, because 85% of all cigarettes are sold in the convenience sector—unfortunately, that's how it is in Ontario—it does hurt the small ma-and-pa stores in every community.

Mr. Michael Prue: I understand you're not opposed to the HST, but it's quite clear the implementation of the HST is going to drive a great many services and goods underground, tobacco being one of them.

Mr. Dave Bryans: Definitely.

Mr. Michael Prue: This is obviously going to hurt your industry in the long term.

Mr. Dave Bryans: Immensely.

Mr. Michael Prue: How does the government go about licensing production of tobacco? I mean, it's a machine. How do you license a machine?

Mr. Dave Bryans: Well, there are only so many people who can make packaging. There are only so many people who can make filters. There are so many people who can supply raw materials. Therefore, there is a direct line of those products. But I'm not an expert in production. All I am is an expert in how we can collect the taxes to ensure the playing field is even, because we don't want the yellow band products that we saw in the 1990s to be moved in and out of aboriginal reserves, as we saw in the early 2000s, and delivered to stores around the province with a tax avoidance of another \$9. The incentive for the underground economy and organized crime is huge if this goes down this road.

0930

Mr. Michael Prue: You talk about the necessity of determining who is a minor and who is not a minor. How are retailers trained at this particular task?

Mr. Dave Bryans: With the We Expect ID program. There is a brochure in each package showing the seven training programs available online for all of our members in French, English and Korean. So we work with all three levels.

We also have, in every store—basically, 90% of the stores—a lottery terminal to swipe your driver's licence. If you stopped on your way home today at any convenience store and asked them to test you for age in the terminal, in one second they will know how old you are. The magnetic strip picks it up. It doesn't say if you're male or female; it doesn't say where you live; it just tells the clerk that that person with that picture is of an age to buy tobacco or not of age, or any other age-product. We have—and we've tested ourselves against the LCBO and The Beer Store—the best age-testing program in Canada, and we're now licensing it to other countries. That's how well it has been taken.

Mr. Michael Prue: Do I still have time?

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds.

Mr. Michael Prue: When this was first implemented, there were a number of convenience stores, including a couple in my riding, that got hit for selling underage

tobacco. I haven't seen too much of that. Has this problem largely been rectified?

Mr. Dave Bryans: We're working at it every day. We offer training to every employee. We'd like to work with the government in government committees to say, "How do we certify and train in every community?" Every part-time, new—because most people get their first-time job experience in the convenience sector. If we could find a way to work with government to make sure that they're all tested—something like Smart Serve training—then we would have the best model. We Expect ID has worked towards that and made us better at age-testing than the LCBO and beer stores in this province—because that's how we measure ourselves against them.

Mr. Michael Prue: Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for appearing before our committee this morning.

CONCEIVABLE DREAMS

The Vice-Chair (Mrs. Laura Albanese): I will now call on Conceivable Dreams to come forward. Good morning.

Ms. Joanne Horibe: Good morning.

The Vice-Chair (Mrs. Laura Albanese): You will have 10 minutes for your presentation, and that will be followed by five minutes of questioning that, on this rotation, will go to the government side. If you could please state your name before you begin for the purposes of our recording Hansard.

Ms. Joanna Horibe: My name is Joanne Horibe.

The Vice-Chair (Mrs. Laura Albanese): Thank you, and you may begin.

Ms. Joanne Horibe: Good morning, committee members. Thank you for the opportunity to present today.

My name is Joanne Horibe. Two years ago my doctor told my fiancé and I that it would take an act of God for us to get pregnant on our own. Since then, we have postponed our wedding to save money for treatment, spent tens of thousands of dollars on drugs and treatment and suffered disappointment and heartbreak to pursue our dream of having a family.

I'm not sure how many of you have children, want children, even like children, but I suspect that all of us can appreciate the importance of strong, healthy families and what they provide, not only personally but for a strong, healthy Ontario and an economy as a whole.

I started Conceivable Dreams: The OHIP for IVF Coalition two years ago with two other infertility patients to provide a collective voice for those of us who want to create a family and can't for medical reasons. We now have over 1,100 Ontario members, and on behalf of all of us, I'm here today to request that you implement funding for in vitro fertilization.

Infertility is a serious medical condition with huge economic, social and personal consequences. One in six Ontario couples struggles with infertility. In vitro fertilization, which I'll refer to as IVF going forward, is one of

the most safe and effective infertility treatments. IVF can control the number of embryos implanted and therefore ensure that one healthy baby is delivered at a time.

Many Ontarians could conceive through the use of IVF; however, the cost is beyond the financial reach of most families. With virtually no public funding of IVF treatment in Ontario, many infertile families are resorting to less costly, less effective and more dangerous alternatives, such as ovarian stimulation with hormone injections, all to boost their odds of getting pregnant. These less-than-optimal treatments significantly increase the risk of multiple, preterm births and the severe medical and developmental problems that result from these births. For moms, these pregnancies are also associated with an increase in medical complications such as gestational diabetes and hypertension of pregnancy.

Why is this the government's problem?

Preterm and multiple births resulting from cheaper, less optimal treatments create huge costs for the government, including:

- increased health care spending to cover the mother's and infants' hospitalization costs;
- lifelong health care and social services spending to cover the costs of long-term physical and mental disabilities, which occur more frequently in multiple, preterm births;
- increased home care costs;
- increased child care expenses and the likelihood of one parent ceasing to work; and
- increased need for ongoing government-funded medical and social support, sometimes for the life of the preterm infant.

In fact, the Canadian Institute for Health Information estimates that the average lifetime cost of a multiple birth child in Canada is \$520,000. In Ontario, the rate of multiple births resulting from assisted reproduction technologies is currently estimated to be 27.5%.

As you can see, the current costs to the government are significant. By providing upfront access to optimal, regulated infertility treatment, the government will avoid most of these back-end costs.

The government of Ontario has done considerable work, including formally commissioning two separate studies to look at what needs to be done to address this critical issue. In the last four years there have been two expert committee recommendations supporting public funding for IVF in Ontario.

In 2006, the Ontario Minister of Health mandated an arm's-length expert committee, the Ontario Health Technology Advisory Committee, or OHTAC, to look into the issue of infertility funding. In January 2007, based on evidence-based analyses, OHTAC made recommendations to the Ontario health minister to increase access to IVF treatment.

In 2007, the McGuinty Liberal Party platform made a commitment that a Liberal government would help more Ontarians realize their dream of having a family by recommending ways to make infertility treatment more affordable.

In July 2008, the government of Ontario launched its second formal study on infertility funding by creating its own Expert Panel on Infertility and Adoption. One of the mandates of the expert panel was to make recommendations to government on how to make fertility treatment more accessible and affordable.

In August 2009, the government of Ontario's own expert panel final report once again recommended funding IVF treatment. The McGuinty government's expert panel concluded that public funding of IVF will not only improve the health of mothers and babies, but it will also reduce hospital and other health care costs.

In fact, the expert panel's research found that Ontario could save \$400 million to \$550 million over the next 10 years by tying public funding of IVF to more stringent criteria limiting the number of embryos transferred and therefore reducing the incidence of multiple births. The province would see another \$300 million to \$460 million in savings that would have been spent on these children over their lifetimes, and the savings in health and social service costs would more than offset the cost of providing assisted reproduction services, currently estimated to be less than \$60 million per year.

To quote expert panel chair David Johnston: "The province can't afford not to finance IVF."

I also want to highlight the expert panel's conclusions that Ontario is out of step with a number of other jurisdictions that fund IVF. Australia, the United Kingdom, Israel and almost all members of the European Union publicly fund IVF treatment. Such public funding has resulted in significant decreases to the multiple-birth rate in those countries; for example, Australia's is 11%, Belgium's is 7%, and Sweden's is 5%, all compared to Ontario's rate of 27.5% that I referred to earlier.

0940

Closer to home, the Quebec Charest government has acted decisively. During the 2008 Quebec provincial election, Premier Charest promised to provide support for couples facing fertility challenges. Just a few months later, in April 2009, the Charest government announced full funding for three IVF cycles and all of the required drugs. We understand that this funding will start April 1, 2010.

In addition, the government of Manitoba committed in their 2009 throne speech that they will provide financial assistance to assist couples with the expense of fertility treatment within the coming year.

So although Quebec and Manitoba are also suffering in this economic downturn, they realize the importance of investing in infertility treatments now for our future.

Conceivable Dreams would like to applaud the Ontario government for undertaking considerable research since 2006. But the time for study is over, and the time for action is now.

To recap, there have been four years of study; two separate government-sponsored reviews; very clear economic evidence proving the cost-benefit of IVF funding; and very clear recommendations in favour of IVF funding from both OHTAC and the Ontario expert panel.

Please, act now and implement the IVF funding recommendations as part of the 2010 Ontario budget. We need strong, healthy families to foster a strong and healthy Ontario, and we can't afford to wait any longer.

Thank you for taking the time to consider this important request.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. The questioning will go to Ms. Sandals.

Mrs. Liz Sandals: Thank you very much for your presentation. I wonder if you could give us a bit more information. You've noted the high cost of treatment and potential savings, but I can't find anywhere in here that you've actually talked about the cost of the IVF treatment you're proposing. So could you tell us, if a couple goes, what is the cost of that IVF cycle of treatment?

Ms. Joanne Horibe: The average cost per cycle is about \$10,000.

Mrs. Liz Sandals: How many cycles do people typically go through?

Ms. Joanne Horibe: It really depends. Given that they're paying completely out of pocket, it often depends on their financial situation.

Mrs. Liz Sandals: No, I meant, how many cycles on average are required until there is a successful conception—or at least, a successful birth?

Ms. Joanne Horibe: From what I've read—I'm not a doctor—three cycles is the optimal number.

Mrs. Liz Sandals: So three would be typical—

Ms. Joanne Horibe: Not necessarily typical, but on average.

Mrs. Liz Sandals: On average.

Ms. Joanne Horibe: Yes.

Mrs. Liz Sandals: So the typical cost would be \$30,000.

Ms. Joanne Horibe: Yes, and that's including medications, which are a significant cost.

Mrs. Liz Sandals: The studies you're referring to identified cost savings which are based on the assumption that there would be single births as opposed to multiple births. I take it that's what the cost savings are based on. Are you suggesting, then, that in order to reap those savings, we would be banning ovarian stimulation, so that you wouldn't get the multiple births that are associated with ovarian stimulation?

Ms. Joanne Horibe: What the expert panel has recommended in its report is tying public funding to increasing regulation, in terms of the numbers of embryos transferred. So yes, they would recommend tying funding to what we call single embryo transfer so that only one embryo would be transferred at a time, so that the maximum you could have is one baby as opposed to the multiples.

Mrs. Liz Sandals: But if you go the IVF route, there would only be one embryo implanted. What about the ovarian stimulation route, which is currently leading to multiple births in large numbers? Are you suggesting, then, that if you were going to publicly fund IVF, you would prohibit the use of ovarian stimulation?

Ms. Joanne Horibe: One of the recommendations is accrediting the clinics, and so, again, there would be greater regulation on such things as ovarian stimulation—on methods other than in vitro fertilization.

Mrs. Liz Sandals: What I'm trying to understand is that the identified savings are because you would have a single birth instead of a multiple birth. So what I'm trying to figure out is, for that equation to work, how do you restrict the number of multiple births? I understand that if you go to IVF, you would simply restrict the number of embryos that are implanted. But how do you restrict on the other side if you still have private clinics that are doing ovarian stimulation?

Ms. Joanne Horibe: Again, I think the one way is through greater regulation. They recommend tying the funding to the clinics in order to maintain their accreditation, reducing their multiple-birth rate.

Mrs. Liz Sandals: And what would be the criteria for a couple to access IVF? What would be the criteria to be eligible?

Ms. Joanne Horibe: I'm not a doctor; I can't speak to that. But I would think it would be as recommended by these regulations as well as getting doctor input.

Mrs. Liz Sandals: Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for appearing before the committee this morning.

ADVOCACY CENTRE FOR TENANTS ONTARIO

The Vice-Chair (Mrs. Laura Albanese): Now we invite the Advocacy Centre for Tenants Ontario to come forward. Good morning. You will have 10 minutes for your presentation. If you could please identify yourself for the purposes of our recording Hansard before you begin.

Mr. Kenn Hale: Thank you, Madam Chair and members of the committee. My name is Kenn Hale. I'm the director of advocacy and legal services for the Advocacy Centre for Tenants Ontario. My colleague Mary Todorow, who's our policy analyst, is here with me to help me with any questions. Thank you for inviting us to present today.

We're a community legal clinic with a province-wide mandate to engage in legal work to improve the housing situation of low-income Ontarians. We're funded by Legal Aid Ontario to do this work and we've been around since 2001.

As you're probably aware, the Ministry of Municipal Affairs and Housing is engaged in a consultation process to develop a long-term affordable housing strategy. We participated vigorously in that process and we're really looking forward to their recommendations.

We included a number of recommendations there to amend the Residential Tenancies Act and the Social Housing Reform Act based on our belief that the people of Ontario have a right to secure, affordable homes, and that progressive laws and adequate funding can deliver

that right. I guess we're here today to talk about the funding side of it as well as some of the legislative side of it.

We worked with the Housing Network of Ontario and we think that investing in affordable housing is critical to combating poverty and improving the economy. We'd like to make a few recommendations in that respect.

First, there are federal dollars available for housing, and we believe that the province should cost-match those dollars and spend that money. We're anticipating that the long-term affordable housing strategy will centre around a social housing supply program that provides stable funding and a targeted number of units each year. We're hoping it will be something in the neighbourhood of 8,000 to 10,000 units per year. We anticipate that the strategy will also provide for long-term funding for major repairs and upgrades that are urgently required in the existing social housing stock. These costs have been estimated to exceed \$1.3 billion at this point.

0950

Commitments on these two crucial elements will mean investing in long-term employment in the building trades, and the design and building supply industries, which are all important industries in Ontario. It's also an investment in preventive health, because we believe that safe and affordable housing has health benefits in the long term that will show up in later years in your health budget.

It has been almost a year now since the Premier announced that Ontario would renovate 50,000 social housing units and build new, affordable housing units through a joint investment with the federal government of \$1.2 billion. Specifically, he announced that by March 2011, which is only a little more than a year away now, Ontario was going to spend:

- \$352 million to repair social housing units and make them more energy-efficient;

- \$185 million to create new, affordable housing for low-income seniors and people with disabilities; and

- \$87.5 million to extend the Canada-Ontario affordable housing program.

The last reports we heard about how this spending is going were in September 2009, and that was a report by the federal government that very little of this promised funding had actually been spent. In not spending that money, we've lost the benefits of job creation and economic stimulus that work could provide.

Considering that the province would get twice the spending impact for each dollar that it invests, because of the matching federal funds, it's really crucial that the province and the feds sit down and figure out what the reason is for the holdup and get this money out into our communities before the time runs out in which you're going to be able to spend it.

We'd like to address a couple of the issues that we think are causing this holdup in the short term and in the longer term.

First, it's removing costly and discriminatory barriers to building social housing. People who build social housing often spend a lot of the scarce housing dollars in

lengthy battles at municipal councils and at the Ontario Municipal Board, to overcome planning barriers which we believe are outdated. That money should be used to fund the actual construction and not on lawyers and consultants arguing about whether or not social housing is appropriate or needed.

The province has to work with the municipalities of this province to bring those barriers down. We're talking about things like:

- limits on the use of parking requirements to exclude supportive housing;
- elimination of distancing requirements for residential use for disabled and other disadvantaged people; and
- prevention of the abuse of interim bylaws, planning studies and downzoning to exclude supportive housing from residential communities.

In all these kinds of cases, the right to housing is being subordinated to efforts to maintain or increase property values. In most cases, these housing developments have no negative impact on property values and objections to them are based on little more than prejudice and stereotyping.

As an example, for almost five years now, ACTO has been fighting efforts by the city of Kitchener to enact a zoning bylaw and official plan amendments which effectively exclude people with disabilities, people who receive social assistance and all social agencies from new developments in a downtown neighbourhood. We've been before the Ontario Municipal Board and they have expressed grave concerns about whether these laws meet the requirements of the Human Rights Code, the Charter of Rights and Freedoms and provincial and regional planning policies. The board has given Kitchener another 15 months to revise the bylaws, but we think that clearer direction in the Planning Act and provincial policy statements would facilitate the adoption of municipal plans that support the development of housing for all Ontarians, including those with disabilities and low incomes.

Another approach is inclusionary housing legislation. These are policies that require a certain percentage of new units in new developments to be affordable to households with low and moderate incomes, and we think that this is the kind of planning tool that Ontario needs. It would combat the "not in my backyard" syndrome, because affordable housing would become a normal part of any new development. Social housing groups, including municipalities, could purchase or operate the affordable units and could rent them according to local social housing eligibility policies. If subsidies were required for deeper affordability for the lowest-income households, the cost would not be as great as buying that housing in the regular private market.

Currently, there's a private member's bill, Bill 198, before the Legislature that would allow municipalities to adopt mandatory inclusionary housing policies. That bill has passed second reading and has been referred to the Standing Committee on General Government. We ask that the government either support this bill or bring

forward its own similar legislation as part of the long-term affordable housing strategy. Either way, we think that the rights and responsibilities of developers and builders in contributing to the creation of affordable housing have to be more clearly delineated.

Finally, our recommendation is to increase the shelter allowance to match the real cost of housing for social assistance recipients. This is clearly a budgetary item.

Over the past five years, this government has, year by year, adopted regulations that provide modest increases to social assistance rates, but these increases have fallen far short of addressing the cost-of-living increases that have occurred since 1995, particularly with respect to rent. Some 95% of the people who receive Ontario Works benefits are tenants and only 14% of these tenants live in subsidized housing. The rest live in the private rental market. The shelter allowance component of social assistance comes nowhere near meeting the actual cost of housing for tenants in Ontario. We've provided a chart here which illustrates that gap.

As you can see from that chart, a single mother with two children receives a maximum shelter allowance of \$620, regardless of where she lives in Ontario. Yet in Toronto, the average rent for a two-bedroom apartment in October 2009 was \$1,096. Sixteen years ago, in 1994, the shelter allowance for this same family was \$707, while the average rent for a two-bedroom apartment in Toronto was \$784. There was a much smaller gap there between what was provided and what was needed, and that means, what comes out of the food and clothing budget to pay for rent?

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds.

Mr. Kenn Hale: As part of the Ontario poverty reduction strategy, the whole social assistance system, including the architecture and the adequacy of benefits, is being reviewed, but people on social assistance can't wait until that review is completed and the recommendations are implemented. They need an increase now to ensure a decent standard of living and to be able to pay for housing, food and other necessities. The money that they receive will be spent in their communities and support the local economy.

The Vice-Chair (Mrs. Laura Albanese): Thank you for that, and I will ask Mr. Barrett to move ahead with the questioning.

Mr. Toby Barrett: Thank you for advocating for tenants across Ontario. I know you indicated that it's been a year now since the Premier announced the program to renovate 50,000 social housing units and to build new, affordable housing units—those would be social housing units as well. You talk about removing barriers to building social housing units. In the section with respect to Ontario Works—and as an MPP, we talk to a number of people who are on Ontario Works. As you've indicated, I guess 86% of them are in the private rental market.

Mr. Kenn Hale: That's right.

Mr. Toby Barrett: What should we be doing with respect to that 86% who live in apartments? So many

people I speak with are on the second or third floor, downtown in small-town Ontario, and the conditions, especially at this time of year, for many of these people are not the best. You talk about, obviously, an increase in the money available for people on Ontario Works and I'm assuming other groups, like disability, to be able to pay rent—

Mr. Kenn Hale: Both Ontario Works and Ontario disability.

Mr. Toby Barrett: But as far as renovating and building, what do you advocate for these private sector apartments that people are living in?

Mr. Kenn Hale: One indication we've recently heard in a news report is that the city of Toronto embarked on an inspection program of apartments and found 100,000 violations of property standards bylaws that weren't being addressed. When they asked the tenants why they weren't being addressed, the tenants said they were afraid that they were going to be evicted if they complained.

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One of the solutions that we see is making tenants feel more secure, improving the legislation so that people aren't afraid to complain, enhancing their ability to go to the Landlord and Tenant Board to force repairs if that's necessary, but really just trying to improve the balance of power between renters and owners so that those things enforce themselves, that the landlords feel there will be consequences if these things are neglected.

There is the possibility of other programs that would assist owners who have financial difficulties in making repairs to their buildings and improving energy efficiency. We advocate, particularly with respect to energy efficiency, that there have to be some subsidies to ensure that all the costs of complying with our climate change and greenhouse gas obligations aren't going to fall on the lowest-income people. Certainly programs like that should be considered. Landlords have legal obligations to keep premises in repair; it's just that those obligations are difficult for tenants to enforce and the municipalities and the province haven't invested adequately in ensuring those laws are complied with.

Mr. Toby Barrett: Yes. And there are these sanctions that can be implemented—should I continue on?

The Vice-Chair (Mrs. Laura Albanese): One minute.

Mr. Toby Barrett: There's also the carrot as well as the stick. We have so much existing infrastructure. I'm a rural MPP, so I just think of so many of the downtowns in small-town Ontario, where mostly the second and third storeys are not being used—structurally sound buildings. I just wonder, as with subsidized housing, if there are any carrots that can be offered beyond enforcing the law to encourage renovation or expansion or even new build.

The Vice-Chair (Mrs. Laura Albanese): Short answer, please.

Mr. Kenn Hale: It's a resource that should be used. Those smaller centres need populations in downtown areas. I agree that ways need to be found to encourage that property to be used in that way, because there certainly is a need there.

Mr. Toby Barrett: Great. Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you.

Mr. Kenn Hale: Thank you, Madam Chair and members of the committee.

CERTIFIED MANAGEMENT ACCOUNTANTS OF ONTARIO

The Vice-Chair (Mrs. Laura Albanese): We now call on the Certified Management Accountants of Ontario. Welcome to our committee this morning. You will have 10 minutes for your presentation. There could be five minutes of questioning afterwards. This rotation will go to Mr. Prue. If you could state your name before you begin, that would be appreciated.

Mr. Merv Hillier: Good morning, and thanks for the opportunity to speak with you. My name is Merv Hillier and I'm the president and CEO of the Certified Management Accountants of Ontario. With me is our director of public affairs, Angie Brennand.

First, just a little bit about the Certified Management Accountants: We are a regulatory body, a professional organization focused in accounting and also in management and strategy. We have 50,000 members in Canada. Half of those are in Ontario. So when you think about the representation of business in Ontario, with 25,000 members here, certainly our members have a big influence on the decisions that their companies make and are very concerned with and interested in the direction that the government goes in as it relates to their own businesses. Our members, like I said, hold leadership positions, whether it's CEOs or CFOs. The decisions they make affect the lives of their employees and also the future of their business.

Our objective today, as we present to you, is, we did a survey of our members in late 2009, in December, and we got the results of that survey just a few weeks ago. We compiled the results and we're just going to summarize that for you so that you can hear what your constituents are saying with regard to what they believe needs to be done in Ontario.

The good news is this: Compared to last year, the expectations of our members have become substantially more optimistic. In fact, over 86% of our members believe that their business will perform the same or better in 2010 as compared to 2009. What an opportunity to build on that optimism for the future in this coming budget.

However, while optimistic, our members do note an economic reality that will undoubtedly impact the provincial resources in the future. The reality is this: The majority of our members do not expect their organizations to hire this year. So with this in mind, we understand that the province's flexibility will be limited with regard to the decisions it makes, especially with the long list of requests you will have for investment from your constituents. But the fact remains, with the optimism, they still don't plan to hire because there is still some uncertainty with regard to the future. What we believe

government needs to do is to make sure that the optimism is captured and the uncertainty is removed.

On the short-term side, our members believe this: There's a need to have a continued focus by the government on tax competitiveness, business efficiency and a commitment to reduce spending wherever possible. This is important because the three are interrelated. Reduced spending and increased efficiency mean we'll be able to control the taxes—either reduce them or hold them. So we need to focus on those three: tax competitiveness, business efficiency and a commitment to reduce spending wherever possible.

Our members are gravely concerned, according to their submission, about the debt in Ontario and are looking to the government for a plan to reduce that debt. At the same time, our members are saying that Ontario must articulate where its economic focus is. We cannot be all things to all people. What are those industries that we will focus on, what we will excel in, so that people will invest in Ontario?

Elaborating briefly: In the short term, our members believe that tax competitiveness and business efficiency must continue to be a priority in the upcoming provincial budget. The 2009 budget took a number of steps forward in this regard. A continued tax regime where companies can grow and create is vital to our members' stability and growth. That's what they're saying.

Our members remain concerned about the regulatory burden that exists in Ontario. In fact, more than half believe their burden remains the same as it was four years ago and the other half believe it's worse. So it's either worse or it hasn't improved.

This is an example of a lower-cost way to improve the business climate and foster investment and growth in Ontario: In one of the major dailies this morning was a release from the conference board, and also a statement by the Canadian Federation of Independent Business, saying that regulatory burden in Canada—not just in Ontario—is costing our businesses and our growth \$30 billion a year. Our members are coming back and saying, "Please take a look at the regulatory burden that exists to improve efficiency for business, because it is costing us money and the ability to grow our businesses and, hence, the ability to hire people."

The key message back to us from our members is that the majority do not yet have the information they need to navigate their businesses through the HST transition. While they're aware of the HST coming, they say, "We don't have the information to help us transition from where we are to where we need to go," and it's happening soon.

CMA Ontario understands and supports the long-term competitive benefits that the HST will provide to Ontario's business sector; so do the business people. We will continue to work with the ministry to equip our members in Ontario businesses with the specifics they require for a smooth transition. But again, the business leaders are asking the questions: "What does it mean to us? What do we have to do?"

Regarding government efficiency, we do hope that the Management Board's review of government spending will result in what we call a value-for-money audit of programs, a reduction in discretionary spending and an overall audit of efficiency. We recognize that these won't be easy decisions, but they are ones that must be made to ensure a strong foundation for the future.

Many of our companies have just gone through this audit process to improve efficiency and reduce discretionary spending. They expect the same of their government.

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Our members also voice grave concern over the deficit, as I said earlier, and they look to the government to articulate a plan to restore Ontario's fiscal health in the budget.

We know the result will not happen overnight, but our members are saying businesses must be confident a plan is in place and will be maintained to ensure debt will not cripple their ability to grow and succeed.

Looking now at the need for a longer-term plan, Ontario's economy has fared better than most and is in an excellent position to seize opportunities for future growth. We need to bring, then, industry experts, academics and government to the table to strategize and then convey Ontario's longer-term growth plan to Ontarians. The vision for the future in Ontario is a major message that must be communicated by the government to business. Where are we going, and what needs to be done for us to be successful?

North American domination of G20 growth rates is now over, and Ontario's reliance on the US for trade is concerning. Our members are looking for Ontario's plan to include trade diversification to Brazil, Russia, India, China, Mexico and even Peru, whose growth rates will significantly surpass ours, going forward.

We have a recommendation, then, for you on trade diversification. We know that the government invests considerable effort into diversifying our export base. What does not appear to exist, however, is a solid level of general awareness within the business community about how to reach new markets with their products and services. This lack of awareness has led to fear, which we believe results in exporters focusing mainly on the US as their primary market. If they do not have the information, if they are not aware of how to move past North America into the BRIC countries, then they're going to stay in their home market and not grow their businesses.

We're asking the government to bolster its efforts to inform businesses by marketing export assistance to them and helping them understand opportunities in the global marketplace.

Ontario must continue to nurture emerging technologies and industries.

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds.

Mr. Merv Hillier: The government's work in the green energy sector is a good example. Our members' focus on clean energy, life sciences and digital media

aligns well with the government's long-term economic plan. They're looking for more support.

In conclusion, there's a great deal of work that has been done and more that needs to be done. We're here to support and also to help. Our members are asking for direction and support to grow their businesses. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. I will now ask Mr. Prue to begin the questions.

Mr. Michael Prue: You've made a number of recommendations here. The first one, recommendation 1: "The plan should include no tax increases and reduce government spending where possible." About 70%, or more than 70%, of government spending in Ontario goes to education, including higher education, and hospitals. What schools or hospitals would you recommend closing, or which programs in those institutions would you cut out?

Mr. Merv Hillier: We wouldn't recommend closing any schools. In fact, we would recommend that there probably be a shift in government spending on education, because when you take a look at Ontario, some of the stats that have come out recently show that we are lagging behind the US on education spending.

What we're asking, and what our members are suggesting, is that there be a value-for-money audit, another value analysis. Let's take a look at where the money is being spent in all areas, not just in health and education—a value-for-money audit; a value analysis audit is what it's called and what we do in business—and say, "Are we getting the value for the money that's being spent?" How can we increase the efficiency? And if we can improve the efficiency through a value analysis, can some of that money be redirected to either improve health or education, or to help businesses lower their tax burden?

Mr. Michael Prue: I'm still not understanding where you would reduce government spending. There's only 30% left. Is there any idea—I mean, it's easy to say, "Reduce government spending." Lots of people come and say that. But surely you must have some idea of where that would be. If it's not health and it's not education, where is it?

Mr. Merv Hillier: Our members are not specific in saying, "Please cut this particular program." They're making a general statement that says, "We would ask that a business approach with regard to a value analysis on all government programs be conducted to ensure that efficiency is obtained."

Mr. Michael Prue: Recommendation 3 is about the HST, and we've had a number of deputations, including one just this morning, that the HST is going to drive a lot of services and goods underground. The one this morning was tobacco, and we can expect more contraband. We've had other deputations talk about the underground economy, particularly in construction, where people will pay cash so that they don't have to pay the HST. How are your members reacting to the increase in an underground economy?

Mr. Merv Hillier: We haven't received any communication or information from our members that that's an issue for them. Basically, they understand that the HST is a positive move for businesses. It will help their businesses grow. But what they're asking for is more information from their government on the transition from where we are today to the new tax, the HST.

Mr. Michael Prue: Recommendation 4, and I think you're correct on this one, is to make diversification a key priority. We had an expert witness from the Bank of Nova Scotia come and suggest that our priority should not be the United States or not even so much Europe or China, which are very hard markets, but to go to South America. He recommended, along with what you said, Brazil, Argentina, Chile and Peru, and that our future should be there. Is that what you were hoping to convince your members to do?

Mr. Merv Hillier: Our members recognize—I guess, let me back up. One of the positives, if there can be a positive, from the recession, as it does to any business, is it makes you take a hard look at your business and say, "Okay, we can't be relying upon one customer. If we are relying on one customer and they go down, then our business is going to falter." So there is a big awareness now that we can't simply rely on the US.

Some of our members are already operating outside of North America into China, but what they're looking at is saying, "Look, there's more than India and there's more than China. There's Brazil, there's Argentina and there's Peru."

What we need is help because among business leaders, especially in a small business, in SMEs, there is a fear to move outside North America. There's a comfort in dealing with the US. They're saying, "We need help, and we understand the government is involved in trade activities on their visits, that they have got offices located"—but there is a lack of awareness as to what help is available. Help us identify what opportunities are for our businesses, in what geographical areas, and then how do we transition from just simply working in North America to working into these other jurisdictions.

Mr. Michael Prue: Recommendation 5: The whole idea of reducing corporate taxes, which you seem to support, is a very blunt instrument. We reduce taxes on those profitable companies—

The Vice-Chair (Mrs. Laura Albanese): Very short answer, please.

Mr. Michael Prue: Okay. But we also reduce it on those companies—we reduce it, but there's no benefit to companies that aren't making a profit. Are you suggesting that we target it more than just simply reducing all corporate taxes? I don't want to give the banks any more money. I'm sorry.

The Vice-Chair (Mrs. Laura Albanese): The time has expired, Mr. Prue. So a short answer.

Mr. Merv Hillier: Okay, the short answer is: Let's understand what industries we want to have grow and develop in Ontario and then develop tax incentives to help those industries grow.

The Vice-Chair (Mrs. Laura Albanese): Thank you.

Mr. Merv Hillier: Thank you.

ONTARIO COALITION FOR
BETTER CHILD CARE

The Vice-Chair (Mrs. Laura Albanese): We'll move to the Ontario Coalition for Better Child Care. Good morning. You will have 10 minutes for your presentation. That will be followed by up to five minutes of questioning, and this rotation will go to the government side. Please state your name before you begin.

Ms. Andrea Calver: Thank you. My name is Andrea Calver. I'm the coordinator at the Ontario Coalition for Better Child Care. With me is Rosemary White, who is the executive director at the Bond Child and Family Development centre.

The Ontario Coalition for Better Child Care is Ontario's advocacy group for affordable, quality, not-for-profit child care. You may remember us from past years. We have brought parents. We have brought child care workers. This year, we brought economic modelling to make our case for investments in child care.

This year, the stakes are very high. Without continued funding for early learning and child care in this year's Ontario budget, our system of early learning and child care will collapse in Ontario.

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How did we get into this crisis? In 2006, Ontario took a one-time payment from the federal government, the result of the ending of the national child care program. Premier McGuinty and his government decided to take that payment, split it into four and build it into the base of the child care budget. As advocates, we said at the time and we've said every year since that the money's going to run out and that 2006 plus four years equals 2010. In fact, this year, that money does indeed run out.

I've heard many arguments. I've heard the province say that this is federal money and they will not replace federal money. I've heard the federal government say that this was one-time funding, and Ontario has no claim to further funding. The reality is, the province and the federal government can point the finger at each other. The end result is the same: Without continued child care funding, our current system will collapse.

Last year, Minister Matthews came to our meeting here at Queen's Park, and she committed \$18 million in bridge funding. That bridge funding extends these cuts through until June 2010. Unfortunately, bridge funding is something you can only do once. This year, the commitment needs to be a commitment ensuring that there is a continuing \$63.5 million for early learning and child care programs.

We commissioned a study to show what the impacts of the loss of that funding would be, and it is absolutely dramatic: 7,600 children from low-income families would lose their access to child care; employment losses in the early learning and child care sector alone would be 1,862; employment losses in the broader economy bring the total of employment losses to over 3,000—if a plant

was closing in any town or city with over 3,000 workers, there would be an outcry; and 3,400 parents would have to leave their jobs or not enter the workforce because of a lack of child care. And, if you cut \$63.5 million, the result will be a loss of \$148 million to Ontario's economy.

That may not make sense. How could that be? That could be because child care is phenomenally labour-intensive. There are no imported goods involved in the provision of child care. The effect is immediate, and 100% of that money is spent here. Most of that money is also spent on wages, and those child care staff make low wages, meaning that the multiplier on the impact of cuts is high because those low-wage staff spend virtually all of their money in the community.

This has an enormous impact on the economy. For families, obviously, we see primarily low-income families shut out of child care. For child care centres, the reason the system will collapse is, if child care subsidies are even harder to come by—and there are already waiting lists for subsidies in many communities—child care centres in each and every one of your ridings will have vacancies. Vacancies mean layoffs. Vacancies mean the potential of higher fees. If there's enough of a crisis, it affects the viability of the child care centre itself. For the community, we need each and every one of these child care spaces; we still do not have enough. For full-day learning, a collapsing child care system is a disaster.

I'm going to ask Rosemary to tell us what the impact would be on her centre.

Ms. Rosemary White: Good morning. I'm Rosemary White, ED at Bond Child and Family Development. I am here to tell you about the impact on our program.

On Monday, we do our first staff layoff in 15 years. We're a strong, vibrant, unique and, until recently, financially viable program. We're a long-time United Way member agency. As such, we serve a community from Regent Park and St. James Town, newcomers, refugees, people who are just beginning to get into the workforce, and people and children with special needs. We have a strong family support component to our program.

I'm amazed that a program like ours could, in two years, lose so many subsidy spaces that we're threatened with closure in September, and I really mean that. We've been open for 72 years. We have a strong board of directors and a lot of community support. Last year, in September, when the first cuts started—I think they were releasing subsidy spaces by attrition—we were unable to get children into our program. It's usually one or two out, one or two in. Children's services has accommodated the needs of our community by allowing our families to access our program for their own benefits, to improve community health and certainly to give their children a head start.

I had 15 vacancies last year. Now, we're at a 39% vacancy rate. When children leave to go to kindergarten—because they're six and five, even four—this summer and fall, we'll have seven children left. We had a very emotional meeting with our community board, mostly law-

yers and financial people, people who are invested in Bond and who have really committed many years of service to it. Our meeting was emotional because we could not see any way out of this.

So with nothing to lose, I sent a letter to a number of people. I'm here today to ask you to do whatever you can to save those subsidy spaces and save programs like ours, because I'm just the tip of the iceberg. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much. Questions from Mr. Arthurs?

Mr. Wayne Arthurs: Thanks for being here this morning. I appreciate the presentation.

Ms. Rosemary White: Thank you.

Mr. Wayne Arthurs: Just a couple of questions to start with. Tell me a little bit more about the staff losses—it's referenced on page 3—in the absence of the existing funding and the parents who would leave their jobs without access to child care. I'm trying to relate those two. Probably it's not a direct relationship in numbers, but it looks like, when we look at that quickly and simply, we're talking about a ratio of 2 to 1—two parents, one staff person. Are those the numbers, or am I just misreading part of this, somehow? I'm looking at the job losses at 1,862 and 3,480 parents who leave their jobs without access to child care. Is there a direct relationship between that and those numbers, or is that just a—

Ms. Andrea Calver: In the statistical analysis there's a detailed page which explains how those numbers came to be. That is very much dealt with at the end, you can see, using an average child-to-staff ratio. I think that adequately explains your question.

The issue is, there are multiple funding pressures on child care. Certainly, our ongoing financial instability—I will say that full-day learning did not cause this problem. It doesn't solve this problem, but it may in fact make it somewhat worse this year, as there's so much financial instability and so many financial unknowns for child care centres that are trying to make a commitment to families to operate through the next year.

Rosemary's centre could be in any one of your ridings. We are hearing from child care programs across the province that there is so much financial instability. They're very hesitant to make a commitment to keep all of their programs open.

Mr. Wayne Arthurs: Financial resources, obviously, are the critical element. We're obviously committed to full-day learning programs. What can we do from a policy perspective or relationship to provide strength to the child care centre system and, at the same time, support the full-day learning strategy?

Ms. Andrea Calver: That's an excellent question. The first thing you can do is not make any cuts. So let's continue on with the current budget. That means you have to find the \$63.5 million that's at question, but don't make any cuts. In our budget submission, we've also called on the province to—the Pascal report envisions that money saved will be kept in child care. The money saved from four- and five-year-olds who will be moving into the publicly funded system is \$119 million. If that

money, which is already accounted for in terms of full-day learning, were advanced to the child care sector, we could much more effectively deal with the transition that we need to make in our programs to serving younger years and expanding the groups that we deal with. So, in fact, there is funding that will be available as children move into the publicly funded system, but at full implementation, it's \$119 million. It would mean a great deal, in terms of transition, to be able to access some of that funding today.

1030

Mr. Wayne Arthurs: So you would make the case that the funding request that you're making can, in part, be accommodated, at least in the early going, through some money that is moving into the public system and ultimately having the full capacity to fund the current shortfall.

Ms. Andrea Calver: The problem is, for every child who moves into the publicly funded system, there is a savings, but as you know it's only 15% next year and up to 20% the year after. I fear that in three years, when municipalities really start to see the savings, a lot of the child care programs won't have survived that long. We need to support the child care programs today to keep them viable, help them transition and help them be a part of the system that Dr. Pascal envisioned, and which we very much support.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for appearing before the committee this morning.

SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

The Vice-Chair (Mrs. Laura Albanese): Next we call upon Seneca College of Applied Arts and Technology. Good morning.

Mr. David Agnew: Good morning.

The Vice-Chair (Mrs. Laura Albanese): You will have 10 minutes for your presentation. There will be five minutes of questions after that. This rotation will go to the official opposition. Please state your name before you begin, and you may begin at any time.

Mr. David Agnew: Certainly. Thank you very much. I'd be happy, if I could discipline myself, to give some of my 10 minutes to questions. So if you keep a clock, I'd be happy to do that.

My name is David Agnew. I'm the president of Seneca College. I have with me Dr. Peter Constantinou, who is our director of government affairs. I'm delighted to have the invitation, and thank you very much for the opportunity to speak to you.

We've distributed the submission. You'll see that it's, I hope, from your perspective, delightfully brief. This afternoon you will be visited by our provincial association, Colleges Ontario, and they will be giving you a copy of and speaking to a broad advocacy document that was prepared for this pre-budget season called A New Vision for Higher Education in Ontario. I'm not going to

try to cover the same ground. Instead, I'm going to give you a perspective which I hope is helpful from an individual college—albeit the largest one in Ontario and Canada.

I would say that you all know Seneca, but in fact as someone who's new to the system, I might suggest that perhaps not everyone does know what goes on in colleges today, and they make assumptions about it. I came to the job just a little over half a year ago and I'm not of the post-secondary education sector. They're extraordinarily sophisticated and comprehensive institutions today that have changed a lot since Premier Davis's original vision in 1965. It really speaks, I think, fundamentally to some pretty important issues around the future of the province, of how the province, as a funder of about a little over 40% of our budget directly and of course controls more of it through policies around tuition and so on—I think it speaks to a very important policy piece that you'll be considering in your deliberations.

We're part of a post-secondary system—which on some days doesn't operate like much of a system—that's increasingly fluid and increasingly grey around the boundaries. Our offerings have grown from a series of diplomas and one-year certificates to a very robust offering of baccalaureate degrees, of graduate certificates for people coming back, primarily from universities after getting their BA or their BSc, to come and get a year's worth of very practical, focused professional education because they're looking for a specific career path. These are rich places where we're finding that the pathways the students are creating are going back and forth between institutions: between colleges, college-university-college or college-university. It's a rich mix.

It's almost trite to talk about the importance of post-secondary education, but I do fear to some extent that we take it for granted that it'll be there. Certainly, with the stresses that we've felt in recent years of growth, my main point to you is that we can't afford to take it for granted and we can't assume that "business as usual" is going to be good enough. I fully support the government's position—and I'm sure there is multi-partisan accord on this—that we need to reach ever higher for an attainment rate of post-secondary education. The government has talked about a 70% rate in the knowledge-based economy; we're not there and we need to get there.

What we're finding—and it's not just due to the Second Career program, which has brought more than 20,000 people on to college campuses and other campuses for re-education—is that there's a much more diverse population coming into our campuses when it comes to the demographics: not simply reflecting the diversity of Ontario from an ethnic or cultural point of view but from an age point of view. More than half of our students are not coming to us directly from high school but in fact are coming later. Whether it's after going to university, after having a few years in the workforce or after having, now, many years in the workforce, they're coming back for retooling. So the investment is important.

I said that we're challenged by our growth. Usually growth is a good story, and of course, it's a great story. We're delighted and we're proud that we've had this kind of growth. But all the projections say that it's going to continue, and I guess that's a very important message when it comes to both the operating and the capital sides. You can't do good education on the cheap. You can't just add portables. You can't just do it overnight: the kinds of faculty that we need, the skills that we need in the classroom and often, with our programs, the kinds of capital investments in equipment. We have a flight program; these are planes that we buy. We have a nursing program, and these are very sophisticated labs that we build. We have early childhood education programs and a childhood development degree, so we have daycare centres that we use as laboratories. These are not things that you create out of whole cloth overnight. The investments are very important, and we certainly don't want to be in the position of having to turn students away when demand has never been higher.

There is a particular issue that many of you will know about in the GTA. The demographics and immigration patterns tell us that we're going to have a huge bulge in post-secondary education enrolment over the next five, 10 or 15 years. I think that it's recognized at a factual level that we'll need to create literally tens of thousands of spaces.

We are the only post-secondary institution in York region. We're delighted with that positioning, but our two major campuses in York region—one in Markham and one in King—are fast running out of room. At the one in King, we've already got portables on the campus. We certainly don't want any more. That's not quality education.

It's a problem that's only going to grow larger as more and more people, I think gratefully, from an economic point of view—and frankly, from a social point of view—seek that post-secondary education credential. We need to build that sustainable system. As you all know, Reaching Higher is coming to its conclusion with this budget year. The government is actively involved in recasting a post-secondary policy going forward. It's one where we need to not simply maintain the gains and investments made over the last few years but in fact go higher.

I want to leave you with those thoughts, and I'll leave to my Colleges Ontario colleagues a more precise listing of our requests, for the budget and beyond, in post-secondary education policy. I'd just like to underscore for you the urgency of continued and sustained investment—and I'll allow Dr. Blouw to speak for the university sector shortly—but certainly in the college sector. Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation, and I will turn it over to Ms. MacLeod.

Ms. Lisa MacLeod: Thanks for coming today. I appreciate it. I noticed in your handout that on your second page you were talking about "focused on student suc-

cess,” and I want to talk a little bit about the students. I noticed that you have 70,000 part-time registrants. Those would mostly be from the GTA, sort of York and Toronto, would they not?

1040

Mr. David Agnew: Yes, that’s basically, for the most part, our evening and weekend continuing education programs.

Ms. Lisa MacLeod: So a lot of them will be mature students that have—

Mr. David Agnew: Many mature students. Our continuing education program, if I can put it this way, isn’t much of the sort of fun and leisure stuff. It’s pretty serious, career-oriented education. A lot of it has to do with upgrading credentials, getting credentials. Over 40% of our continuing education registrants have a university degree, many not from Canada or the United States, so they’re looking for Canadian credentials.

Ms. Lisa MacLeod: So a lot of them are working or they’re parents who are moving along the system?

Mr. David Agnew: Oh, absolutely.

Ms. Lisa MacLeod: You have about 20,000 full-time students. I’m wondering, where do they stay, mostly? Do you have on-campus residences? Are a lot of them people with their own homes or rental units?

Mr. David Agnew: One of the features of Seneca is we’re also the largest college in Ontario when it comes to international students, so clearly that’s a population that needs housing when they come to Seneca.

We have a residence on our Newnham campus which is a little over 1,000 beds, and we have a smaller residence up at King, about 322 beds. Particularly in the neighbourhoods in Toronto, there are people who rent houses and rent rooms and so on.

We have about 70% of our students from Toronto, the city of Toronto and York region. I think that’s right, Peter? We draw from across the GTA as well. So it’s a mixed bag. But yes, we have lots of people who need a place to stay.

Ms. Lisa MacLeod: A lot of commuters, though, a lot of—

Mr. David Agnew: Oh, tonnes of commuters.

Ms. Lisa MacLeod: —driving their own cars to campus?

Mr. David Agnew: Unfortunately for us, given our locations—I can’t tell you how important public transit and the expansion of public transit is to us. Our four principal campuses: We have Finch and Highway 404—not bad, buses along Finch. We have a building and a half on the York University campus; we can’t wait for the subway. We have a campus at Highway 7 and Highway 404. Highway 7 is a designated rapid transit thoroughway so that will be important, but of course it’s not there yet. King is a bit of a challenge. It’s a beautiful, beautiful campus, 700 acres up on Dufferin. It does have bus service but it’s challenging, when you talk to our students who are coming in from places like Brampton.

Ms. Lisa MacLeod: Right. The other question I have—and I’ll end with this, actually. On July 1, the HST

is going to be implemented. It might not impact colleges and universities in the MUSH sector as much as 8%. However, it will impact your students, particularly those who are commuting or who live out of province and have to come here or live in different parts of the province, whether it’s their bus fares, their air travel, taxi fares or gas in their car. In addition to that, there’s also speculation that rent will increase, not because the 8% is going to be tacked on to it but because there are going to be maintenance fees, contracting fees, renovation fees, snow removal—and that could increase rent in some cases from 5% to 8%. Finally, Internet access fees are going to go up.

When you’re looking at that, it almost makes it—

Mr. David Agnew: What was the last one?

Ms. Lisa MacLeod: Internet access fees. So when that happens, it’s going to be pretty difficult for some families who have a budget right now to say, “I want to take a continuing ed course and it costs me \$500 or \$1,000.” They’re going to have less disposable income on that. Have you given any thought, as a university, to how that’s going to impact your students, particularly those who are in continuing ed?

Mr. David Agnew: It’s obviously something that’s difficult for us to control, particularly given the stresses on our budget. Continuing education has two kinds of funding. One is all-student-paid. Some of our courses, because they are ministry-approved and so on, actually have a portion of government grant as well. So it’s not easy for us. Most of our students would dearly love to bend your ear about the cost of parking and so on already.

Ms. Lisa MacLeod: It’s not any different at Algonquin, I can assure you.

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds.

Mr. David Agnew: We recognize the problem. I was talking to one of our chairs the other day in our business school and she was saying that 70% of her students—she was speaking of full-time students—have a part-time job. And it’s not the 10-hours-a-week type of part-time job; it’s the 24-hours type of part-time job. And our financial aid applications are way up, OSAP applications and so on. We realize it’s a difficult time.

One of the things that we do—

The Vice-Chair (Mrs. Laura Albanese): Thank you, but the time has expired and I’m on a tight schedule.

Mr. David Agnew: All right.

Ms. Lisa MacLeod: Thank you very much. I really enjoyed your presentation and thanks for answering my questions.

Mr. David Agnew: Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you for appearing before the committee.

SOCIAL PLANNING TORONTO

The Vice-Chair (Mrs. Laura Albanese): I will now call on Social Planning Toronto to come forward. You

will have 10 minutes for your presentation, and that will be followed by five minutes of questions.

Mr. John Campey: Good morning, and thank you for the opportunity to appear before the committee. My name is John Campey. I'm executive director of Social Planning Toronto, which is a non-profit community organization with 150 agency members in the city of Toronto. We engage in research, policy analysis, community development and civic engagement, and our mission is improving the quality of life of all residents of Toronto. We focus our work on poverty reduction with an emphasis on income security, good jobs, affordable housing and strong public education.

We conduct research on a broad range of community and public policy issues and social and demographic trends in Toronto. Our recent work has focused on the impact of the recession on non-profit community social services in Ontario, immigrant and settlement services in Toronto, after-school programs for middle-years children in Toronto, the health of social assistance recipients and the working poor in Ontario, and the employment insurance system. Our community development work focuses on building capacity in low-income and marginalized communities in Toronto's inner suburbs.

We have a number of recommendations we'd like to make in terms of the upcoming provincial budget.

In this submission, we're focusing on initiatives that will promote economic recovery and advance the provincial government's commitment on poverty reduction. Despite recent "green shoot" sightings of economic recovery, 217,000 more Ontarians are unemployed today compared to the pre-recession period in the summer of 2008. Still more are underemployed. Others have become discouraged and are no longer looking for work and are not counted among the unemployed. The current number of single individuals and families receiving social assistance in Ontario is almost 40,000 more than it was prior to the economic downturn. This situation is amplified in Toronto, where unemployment entered the double digits.

Ontario's non-profit social services system has been hit hard by the recession, facing a one-two punch of increased demand for services and a loss of funding to provide those services. Social Planning Toronto joined with our sister organizations across Ontario to produce a research report called *Hard Hit: Impact of the Economic Downturn on Non-Profit Community Social Services in Ontario*.

Research results based on over 400 non-profit community social service providers in Ontario demonstrate the struggles communities are experiencing and the lack of capacity in the sector to respond to this increased need. Almost three quarters of agencies reported increases in service demands and half reported being unable to respond to the increased need for services.

Agencies reporting dramatic increases were food bank and meal program use, employment services, bankruptcy and credit counselling services, health services, mental health counselling, and suicide and crisis intervention

programs. Service providers are dealing with increased numbers of people looking for help, more crisis situations and people with more complex situations requiring support.

At the same time, funding cuts have been prevalent and more are anticipated throughout 2010. Half of all agencies experienced a funding cut from at least one revenue source and two thirds anticipate cuts in 2010. Funding cuts were most common from private donors, United Ways and foundation funding, making government investment all the more critical.

As the provincial government contemplates a difficult budget year, we stress that government cuts will exacerbate an already bad situation, throwing more people out of work and into poverty, increasing the demand for scarce community services while reducing funding to provide these much-needed services.

It is time for bold government action. First, we recommend that the provincial government take steps to increase its revenue base. The federal GST cuts have left tax room that should be taken up by the provincial government. Using our progressive tax system, the Ontario government can increase its revenue base through small increases to the province's highest-income earners, those who benefited most during boom times.

There is a broad consensus about the need for investments in physical and social infrastructure. Through the first stimulus program, governments made important investments in physical infrastructure. A second round of stimulus is needed now to expand investment to social infrastructure and programs. The way a recession rolls out is that there's the initial cut, but in the long term, it takes quite a lot of time for jobs and supports to recover. So there is a real need for a second stimulus package to provide support for those who will be in that second wave of cuts.

1050

In *Hard Hit*, the Social Planning Network of Ontario put forward three recommendations directed at all levels of government to address the hardship that many Ontarians are facing and to improve the capacity of the non-profit community social services sector to respond to the needs of struggling communities. Our recommendations include the province initiating discussions with key community service agency stakeholders to identify the reforms and investments that will shore up the capacity of the sector to sustain and strengthen communities.

We would encourage you to introduce dedicated social infrastructure funds, similar to the built infrastructure fund, to deliver community program dollars over the next few years that will both help build that social infrastructure and deal with the fallout of the recession on individuals and communities. Focusing this money on areas like child care, affordable and supportive housing and food security initiatives would support economic recovery, promote greater equity and foster community prosperity.

We also need the government to improve benefits and increase access to social assistance programs to reduce

the financial crisis faced by unemployed workers during these tough times. These actions in turn will support the non-profit community sector by reducing the demand on an already stressed system.

The Ontario government's announcement of social assistance reform is long-awaited and much-needed. This review must address the central issue of benefits levels and their adequacy to cover basic needs, including safe and appropriate housing and a good, nutritious diet. The complete inadequacy of current rates to cover even the barest of essentials remains a chief concern, a problem that ensures ongoing crises for individuals and their families and the organizations that serve them.

As a first step in the process of setting rates at levels that reflect the actual cost of living, we recommend that the provincial government adopt the 25 in 5 Network for Poverty Reduction's and the Association of Local Public Health Agencies' Put Food in the Budget initiative by introducing a \$100 monthly food supplement for all adults receiving social assistance.

In the area of housing, the provincial government has taken important steps in advancing the goal of safe, stable and affordable housing for all Ontarians through its investment of stimulus funding in housing initiatives and its commitment to develop a long-term affordable housing strategy. Unfortunately, there's a long way to go before that is a reality. We've identified a number of the initiatives that the Wellesley Institute and the Housing Network of Ontario have already brought to your attention, and we fully support those as key investments in affordable housing.

In terms of workers' protection, under the poverty reduction strategy, the government committed to invest an additional \$10 million annually to hire new employment standards officers, enforce the Employment Standards Act and reduce the backlog of claims. Half of this was budgeted in the 2009 budget. We would strongly encourage you to commit the remaining funds there and make sure that the new hires are focused on dealing with complaints and being proactive in terms of workplace enforcement. In a recession, it's all too easy for workers who are vulnerable to not feel comfortable claiming the rights that they have under existing legislation, so the proactive enforcement and the staff to do that are really critical.

In terms of investments in children, we applaud the government moving forward on the recommendations in the Pascal report. We would encourage you, while moving forward on that, to not miss the fact that children ages six to 12 are all too often not addressed in programs that exist. In Toronto, recent research we did showed that only one in 10 children between six and 12 has access to a five-day-a-week, regular, supervised after-school program. There's an enormous gap, and we would encourage you in your planning not to ignore that gap.

As well, the previous speaker in terms of the child care coalition identified some of the serious challenges facing the child care system across the province in terms of loss of federal subsidy. We also encourage you to

maintain at the very least the existing subsidy. Do not throw the child care system into crisis and jeopardy.

We're also concerned with the public education system, that funding continues to be inadequate to address the needs of marginalized students. We encourage you to continue to improve funding to community use of schools, to return our schools to their rightful place as hubs for community. This government has made significant progress in that area. We'd encourage you to stay the course. Having school access for communities is critical to healthy communities and community engagement, so we think that should continue to be a priority investment.

The Vice-Chair (Mrs. Laura Albanese): Thank you.

Mr. John Campey: Thank you.

The Vice-Chair (Mrs. Laura Albanese): I would now turn to Mr. Prue for questions.

Mr. Michael Prue: Thank you very much. You've made a number of key recommendations, and I must say you are the very first group that has come forward and said, "Please increase taxes." Everybody else wants us to cut taxes but provide more service. I think you understand that that may be impossible.

Mr. John Campey: Just to comment on that, if I may: We did want to make that recommendation, because while there is a significant body of public support for increasing revenues—the Federation of Canadian Municipalities recently released a report showing 70% of Canadians would support a 1% dedicated infrastructure fund—and there is in fact substantial public support for increasing taxes, there are actually very few organizations that will say that the government needs to be able to generate the revenue required to meet the services that we expect our government to require. So we felt it important to actually name that as an issue.

Mr. Michael Prue: All right. Now, you are suggesting that the money primarily come from the province's highest-income earners, those who benefited the most during boom times. Are you thinking in terms of a surtax on those who earn, say, above \$200,000? Have you set any limits? Can you flesh this out at all?

Mr. John Campey: We haven't gotten into specifics. I think there's a combination of revenue tools that the government has available to it, whether it's a surtax, whether it's looking at the rate at the top end. I think we were a bit disappointed, when the HST was introduced, that so many efforts were made to actually make it revenue-neutral; that there was an opportunity there to generate some additional revenue at the top end of the scale and that there were so many credits and things built into the tax system that it didn't serve to reduce some of the inequality or take advantage of the new tax regime to generate some additional revenue.

Mr. Michael Prue: The Daily Bread Food Bank invited politicians a couple of times to go on a welfare diet. The last time I went on it, it was \$12 for 10 days, and it was very hard to feed myself for \$1.20 a day. You are suggesting a \$100 increase per month. I would assume that would allow people to feed themselves on more like \$30 or \$35 a week. Is even that sufficient?

Mr. John Campey: No, that's not sufficient at all, but we do recognize that there are a variety of fiscal pressures on the government and \$100 a month seemed like a reasonable amount. It's also very close to the amount that this year will be coming in the HST credit. So there is a precedent for coming up with additional funding, and that might be one mechanism for continuing that on an ongoing basis.

Mr. Michael Prue: You talk about the child care subsidies and the potential loss of child care. It's not Toronto, but Windsor, two days ago, closed down seven of its child care centres due, in part, to some of the spaces being made available in the schools and, in another part, the potential loss of the monies they got from the \$63 million in federal funds. What kind of impact will that have on people in Toronto?

Mr. John Campey: I think it sets a frightening precedent. We know that the city of Toronto is facing enormous fiscal pressures in its budget and that all departments have been told to come up with a 5% cut. There's no indication that child care would be exempt from that. So we're very concerned that this will flow through to significant cuts to access to child care in Toronto in a situation that's already critical. There are enormous waiting lists.

Mr. Michael Prue: The city of Toronto has come up with a chart showing how many losses of child care spaces are anticipated in each of I think it's 45 wards. This will impact most especially in the downtown community, as I understand it.

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds.

Mr. Michael Prue: Is that correct?

Mr. John Campey: I'm not familiar with that particular chart, so I can't comment on that. I just know that there is a real concern that we will see a real evisceration of the child care system in Toronto, and across the province. The Windsor precedent is quite frightening.

Mr. Michael Prue: Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you for appearing before our committee this morning.

Mr. John Campey: Thank you very much.

WILFRID LAURIER UNIVERSITY

The Vice-Chair (Mrs. Laura Albanese): I now call on Wilfrid Laurier University to come forward. Good morning. You will have 10 minutes for your presentation, and that will be followed by five minutes of questioning from the government side.

Dr. Max Blouw: Good morning, Madam Chair and members of the committee. My name is Max Blouw. I'm the president of Wilfrid Laurier University. With me today is Brian Rosborough, Laurier's director of government relations. Thank you for inviting us.

Copies of Laurier's submission have been provided by the clerk. I will speak briefly to the document and look forward to your questions afterward.

1100

Our submission is intended to initiate a renewed partnership between Wilfrid Laurier University and the government of Ontario. It will introduce you to Laurier and outline ways in which the university will help government to address some of the province's most significant post-secondary challenges.

Founded in 1911, Laurier is a comprehensive university focusing on excellence in teaching and research, with a population of approximately 15,000 full-time students on campuses currently in Waterloo, Brantford, Kitchener and Toronto, and potentially a new campus in the town of Milton.

Laurier is finalizing an academic plan that will mark a new path to build on its strengths and to articulate its distinctive role in teaching and research among universities regionally, provincially and nationally. This plan will guide priorities for investment and resources in the years ahead. It will also highlight the important partnerships that we have developed with various communities and other post-secondary institutions, partnerships that are designed to meet the educational needs of an ever-changing student population in an ever-changing world.

Laurier shares a number of challenges with government. As my colleague David Agnew stated moments ago, revenues have not kept pace with increased demand for quality services and programming. Faltering investment markets have undermined our ability to meet financial and regulatory pension obligations. Debate over academic differentiation has the potential to significantly influence the direction of post-secondary education in Ontario and the role of individual institutions in the Ontario system.

On the flip side, Laurier and the provincial government also share a number of priorities. As Ontario seizes the opportunity to assume a position of leadership in the rapidly evolving knowledge-based economy, Laurier is well positioned to work in partnership with government to address some of the key opportunities facing the province today and in the future. Those issues include delivering a superb teaching, research and student experience that fosters leadership in the economic, social and cultural life of Ontario; improving access to outstanding education for traditionally under-represented students, including aboriginal students, first-generation students and students with disabilities; and building capacity to meet the net new demand for increased student enrolment of 40,000 to 60,000 students in the GTA by the middle of this decade.

Laurier is delivering results in terms of superb teaching and research, and improved access and partnerships. I would invite you to review these results in our detailed submission.

Laurier's performance in teaching and research is reflected in the very high demand for enrolment at Laurier for both undergraduate and graduate students, including dramatic increases in enrolment at Laurier's Brantford campus and a demand for master's and doctoral degree opportunities that exceeds the graduate funding alloca-

tion available to Laurier from the government of Ontario. In fact, over the past two decades, Laurier has grown faster than any of the traditional universities of the province.

The achievement of Laurier's graduates in every aspect of leadership in this province, including business and entrepreneurship, culture and the arts, health and human services, and the public sector, also reflects their outstanding experience at the university. Innovative Laurier programming contributes to the students' educational experience and creates partnerships with industry and the community.

Laurier has been working to improve access to students who have traditionally been under-represented. We do this through supportive programming that assists aboriginal students, students with disabilities and students from diverse communities, and through policies and programs for any other student who may be facing barriers to learning that can be overcome with the right supports.

Laurier's success has been guided by important partnerships that enhance teaching, research, student experience and student opportunities in concrete ways. Laurier has engaged in partnerships in every community in which it operates, as well as national and international partnerships. In each of our communities, we have created partnerships with other post-secondary institutions to enhance learning pathways, broaden educational opportunities and use resources more effectively. We have partnered with business and community agencies to advance experiential learning and co-op programming, and we have partnered with the community to secure support through advancement, philanthropy, commercialization and economic development. Some of these partnerships are described in more detail in our written submission.

I now want to turn to challenges that are faced by all universities and then to two unique opportunities that partnership with Laurier can provide. All universities in Ontario are confronting the problem of uncertainty over per-student funding that is not currently guaranteed and that is not adjusted to reflect the escalating costs of providing quality teaching and research opportunities. Full per-student funding and recognition of escalating costs are essential if we want to invest in the quality education that will underwrite Ontario's future prosperity.

Ontario universities are also calling for strategic, multi-year accountability agreements aligned with both provincial and institutional objectives. It is very important that the province work with Ontario's universities to address the impact of regulated pension solvency requirements and going-concern shortfalls in a way that does not divert operating resources away from teaching and research.

Laurier in particular presents two key opportunities. Both are set out in greater detail in our submission. Our Brantford campus has grown quickly, bringing desperately needed revitalization to a downtown core that was a

study in post-manufacturing economic decline. It is now a study in urban renewal, centred around Laurier's 19 buildings and 2,500 students at the Brantford campus.

The academic focus of the Brantford campus has increasingly been what might be termed "applied social science": journalism, criminology, legal studies, contemporary studies, education and so on. This academic profile is responsive to the needs of the community and the region. It is complementary to academic offerings at Laurier Waterloo, and it shows great growth potential. Much of the programming is delivered in partnership with Nipissing University and Mohawk College.

A Laurier Brantford campus of 8,000 or more students can be achieved, providing increased access to a quality educational experience and multiplying the economic revitalization opportunities and outcomes to that community. The capacity for further growth at Laurier Brantford to meet the provincial enrolment pressure of the next decade is limited only by resources. A carefully planned steady expansion of programming and, eventually, facilities should be a key element of the province's education, labour force and capital planning.

The proposed greenfield campus in Milton provides another key opportunity to make the west end of the GTA into a centre of learning as part of a 450-acre proposed education village of university-related amenities. Milton has agreed to provide Laurier with 150 acres of land for a site which perfectly complements provincial land-use, growth and transportation policy. With the potential of a 15,000-or-more-student campus at maturity, Canada's fastest-growing municipality, with its young and highly educated population, can play a key role in meeting the increased enrolment demands of Ontario's knowledge-based economy. The academic program at Milton will be comprehensive and responsive to student and community needs. Given the location, environmental sustainability, green technologies and the material sciences underpinnings of those disciplines will be focused on. We will develop that campus in partnership with other institutions and with Sheridan College in particular. However, until the government of Ontario signals its support for the project or support for the necessary next steps in planning and approvals, it will remain at an exploratory stage.

Laurier offers a comprehensive education, research and student experience that will be the foundation of Ontario's future economic, social and cultural prosperity. These are opportunities that Ontario cannot afford to overlook.

1110

The final challenge I'd like to mention is the challenge of differentiation. Differentiation among universities is a natural outcome of specialization, of growth and of competition. The value and importance of a university education in Ontario in the decades to come will not be measured by the size of an institution; instead it will be measured by the extent to which the university enriches the cultural, social and economic life of the province and the extent to which it fosters innovation and prosperity. It

will be measured by the ways in which the university inspires lives of leadership and purpose, which is the essence of the Laurier mission.

Laurier intends to continue and expand its outstanding contributions to the provincial priorities of access, quality and excellence in both teaching and research, and we look forward to a renewed partnership with government as we move forward together. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you. I'll turn this over to Mr. Sousa.

Mr. Charles Sousa: Thank you, gentlemen, for attending and for your presentation. I did my undergrad at WLU—when it was Laurier, not Waterloo Lutheran—a great campus. In fact, even my kids are considering the school. You've done a good job, and I certainly appreciate the work at Laurier and its reputation. Congratulations.

There's a couple of things I just wanted to touch upon. One is the partnership. The Ontario government has been a strong advocate for post-secondary education. It's a priority. We've struggled with the funding, and certainly that's why we're here at finance: to try to find a balance by which to continue to support the needs of universities because, frankly, they're the future, and we need that skilled and educated workforce.

We're going to hear in a moment from Nortel, and they're going to talk about some of their concerns around pensions and around the preferred status for bankruptcy. They're also going to talk about the pension benefit guarantee and the cost of windup. Now, they're in a situation different than the school's, but the solvency issue is also of concern, and Arthurs's report talked about some of the pension reform things that we are proceeding with. Can you comment a little bit on this issue that is affecting you?

Dr. Max Blouw: Absolutely. The pension situation, for most of the universities in Ontario, is a very large concern. I think the net liability on the books right now is about \$2.7 billion across all of the institutions.

In the case of Laurier, we are in a situation where we have a going-concern problem, not a solvency problem. Or at least, the solvency problem is less than the going concern for us. We look at the situation, and it is highly improbable that any university in the province will become insolvent. I think we're a foundational element of the societal underpinnings for economic, social and cultural prosperity, and we will continue into the future. The solvency end of things I think is less important—or let me put it this way—a lower threat, perhaps, than a going-concern liability.

The cost of the going-concern liability will remove many millions of dollars—in the case of my institution, roughly \$9 million a year—from the classrooms. The impact of that is profound. Going forward, it means larger class sizes and fewer offerings for students. We will have to do less, simply to serve those pension requirements. We hope that government will look at opportunities to perhaps hold in trust some of our physical assets, in light of the liabilities that we may have, as a

guarantee against it and give us a longer period of time. We have a working group between the Council of Ontario Universities and the provincial government at the present time working on this very actively, looking for ways to solve this problem.

I think we are different from the private sector. We have assets. We have a societal role that I think is indispensable. For both of those reasons, I think an arrangement should be possible.

The Vice-Chair (Mrs. Laura Albanese): Forty-five seconds.

Mr. Charles Sousa: I was going to talk about the partnership with government, but you spoke quite a bit. I appreciate your discussion. If you have any more to say, by all means.

Dr. Max Blouw: Simply that we really do look forward to our new partnership with government. I think we share a lot of priorities. I think that universities are well-positioned to assist government in achieving what I think are critical social, economic and cultural objectives in the province and we look forward to working with you to achieve those.

Mr. Charles Sousa: Thank you for coming today.

Dr. Max Blouw: Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation this morning.

NATIONAL CITIZENS COALITION

The Vice-Chair (Mrs. Laura Albanese): I now call on the National Citizens Coalition. Good morning. You will have 10 minutes for your presentation and that will be followed by five minutes of questioning. If you could begin by stating your name for the purposes of our recording Hansard, we would appreciate that. Thank you.

Mr. Peter Coleman: Good morning. This committee will hear numerous presentations asking for “more money, please.” These consultations, by their very nature, will attract those who seek more money from government for new initiatives or expanded programs. It must be recognized, however, that this is not the complete picture.

I am Peter Coleman, president of the National Citizens Coalition. We're a citizens group dedicated to the principle of greater freedom through less government. Our coalition is 30,000 members strong, with half of this membership in Ontario alone. Indeed, I am here to represent these thousands of Ontarians who desire less spending from their government.

We're coming out of a harmful recession. The obstacles facing our government as we try to move forward are quite ominous. Ontario's spending and debt are both climbing at an unsustainable pace, and it's necessary to take steps to curtail and rectify this today. If we fail to demonstrate financial prudence by taking measures in this budget, we will only make this problem worse. As our population ages and we begin this unprecedented demographic shift, our government will lack the ability to

provide a sustainable standard of living with such debt considerations.

Today I'm advocating that this committee pursue a path to smaller government. By ignoring many of the real political issues facing our province and choosing to work towards initiatives such as all-day kindergarten and bicycle helmet legislation, this government has become too big while accomplishing too little. It's time to remedy this situation and reprioritize our legislative agenda. Entrepreneurs and small businesses are and will continue to be the engine of job growth in this province. Our provincial government must recognize this in moving forwards with this year's budget.

So what are our thoughts as you prepare to craft this year's budget? First of all, good luck: It'll be a real challenge in today's economic environment.

We're calling this campaign that we want to propose today our 5-0-1 campaign. It's a framework to work towards fiscal prudence and bring the runaway growth in Ontario's spending under control.

The "5" stands for an immediate 5% pay cut for all provincial members of Parliament. We're advocating the same at the federal level as well. As MPPs, you have been very fortunate to have some semblance of job security while the rest of the population faces uncertainty in almost every sector. This action may be seen by many to be symbolic in nature, yet it's a real way to begin lowering the cost of government. We need to reduce the disconnect that Ontarians feel with the current provincial government and by leading from the top, this would be an effective start. It's irresponsible for the government to demand that public employees make sacrifices such as forced unpaid days off if our MPPs have not led first. Now is the time for leadership in this area. Freezing your salaries is not enough when this government brought forward a 25% pay increase for MPPs in 2006. The result of that is that when government votes to raise its own salaries, public servants demand increases as well.

The "0" stands for zero-based budgeting. This is a practice that rejects the yearly unquestioned growth of departmental and agency budgets. Rather than simply building on the previous year's spending by a set percentage, budgets should be built from zero for all departments and wasteful spending prevented from moving forward. This will allow a constant reappraisal of priorities and will serve to significantly reduce the gap that has grown between Ontarians and their government over recent years. It is now incumbent upon this government to ensure that departmental and agency budgets are decided with care and that value for taxpayers is attained.

When any government contracts expire and are to be renewed or new contracts are established, they must reflect proper market conditions. The compensation of some of our public servants is out of control. For example, the president of Ontario Power Generation was paid in excess of \$2 million last year. Ontario's taxpayers rightly feel taken advantage of when they see these large salaries when people are suffering.

A zero-based budgeting process has been employed by jurisdictions around the world for its efficiency. New

Zealand has implemented a zero-based budgeting framework with great success. Through annual budget processes, they are now saving money and eliminating wasteful or redundant programs.

The "1" represents a commitment on the part of the government to limit program spending growth to 1% per year. This is a necessary step to prevent the development of a structural deficit, especially with an eye to the mid-to long-term future. Indeed, Pascal Gauthier, a senior economist with TD Bank, agrees that total spending growth in Ontario must be limited to 1% per year if the provincial government is to balance its budget by 2016-17. Since 2003, government spending has increased by 6.7% per year. That number is unsustainable.

1120

Health care is also an area where greater value must be attained. Ontario's spending on health care has increased by 30% since 2004 and now consumes more than \$49 billion of the annual budget, a percentage that's not sustainable.

The 1% represents a new direction for public service hiring practices. We recommend that for every two public servants who retire, there should only be one new hire. That will help reduce the size of the public service. This is a responsible measure to reduce the size of government in a harm-free way while also avoiding conflict with public unions. It's not fair for Ontario's government to legislate unpaid days off for public servants to battle down the debt when it was this government that increased public sector hiring by 15% since 2004. There are more than 100,000 more people employed by the government since that date.

Despite the fact that Ontarians are now taxed at the highest rate in provincial history, today we provide a framework that will allow our government to move forward with sound economic policy. Other options to balance our books will be much more harmful or disruptive.

The alternatives raised by the government thus far will also certainly provoke union conflict and increased antagonism. The idea of raising taxes to reduce the deficit is also a very poor alternative. Citizens are already outraged by the unlooked-for imposition of the HST. There is only one taxpayer. His wallet is empty these days and his charge card is maxed out.

Working within this 5-0-1 program will provide a smaller, leaner government, better value for taxpayers and increased flexibility to respond to the changing priorities of demographic transition over the years. Ontarians of all ages across the province are pleading for these goals. Please act responsibly when you prepare this year's budget.

Thank you for your time. I wish you all good luck in crafting what will be a very difficult budget. Strong fiscal leadership is required now more than ever.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. I will turn it over to Mr. Shurman.

Mr. Peter Shurman: Thank you for an interesting presentation, Mr. Coleman, a presentation that I must tell

you, after a week and a half, is radically different from most of what we've heard. I'd like to cite an example from yesterday to get your reaction to it. We had Sid Ryan in here on behalf of the Ontario Federation of Labour. Interestingly, driving in this morning I heard a radio commercial—apparently, they're running quite a bit of media—saying that the only way to go for Dalton McGuinty is, “Jobs, jobs, jobs. Just keep spending; don't worry about the deficits because they're an investment in our future.” That's their perspective in terms of job creation. Clearly, you are violently opposed to that kind of philosophy.

Mr. Peter Coleman: Yes. I think government's challenge is to create the right economic environment for businesses to thrive. The majority of jobs come from entrepreneurial small businesses; they're not from big corporations. I don't believe that the government is going to be able to hire, hire, hire in the public sector. I think that the level of debt is unsustainable. We have to get that under control. We have to reprioritize our programs. I don't agree with Mr. Ryan, saying it's “spend, spend, spend.” Eventually, there's a day of reckoning for our grandchildren in how we're spending money today. It's going to come sooner than later if we don't start the process to be realistic in how we're going to budget going forward.

Mr. Peter Shurman: In terms of “hire, hire, hire,” if you take a look at the statistics—and I think you know them just as well, if not better, than I do—the net effect over the course of the six and a half years that the McGuinty government has been in power is to see not only negative growth in the private sector but to see positive growth in the public sector of 185,000 new employees, which you advocate downsizing by what I consider to be a reasonable approach. We're not going to, holus-bolus, fire a bunch of people, but by attrition, which, in a service that size, can be significant in its positive effect on the costs to the people of Ontario, freeing up money for the programs that we've had a stream of people in here asking about. Is that your position?

Mr. Peter Coleman: I think a lot of people are frustrated. They're having a tough time making ends meet, and these public sector unions keep on asking for more money and expecting raises. Most people are happy today to keep their jobs. I think that if the government picks a fight with the unions, there will be a strike, which will be very disruptive. So we're saying: Stop the process. Let them know that, “For every two people who retire, we're only hiring one back.” It will eventually get things back to balance. I'd like to see cuts in the public sector, but I also understand that the government hasn't got the stomach to have that fight and have huge labour disruptions. If they say, “We're going to put this policy in place today, and we're not hiring any more; we're going to start with attrition and move forward,” maybe we can get there.

I think the average person is disgusted by any conversation as far as any public sector union getting a raise when they're having a tough time making ends meet.

They just see it going on and on. There's a disconnect from reality within the public sector union and it needs to stop.

Mr. Peter Shurman: I had a discussion the other day, on the record—we're obviously on the record now—with the elementary teachers. I've got no particular beef with teachers, but I don't like being told by people who represent public service employees that they are entitled to their entitlements; that although they haven't suffered because they had a contractual obligation with the government, over the course of time, their families suffered, and poor them; and that if we're going to save money, we should cut all of, or a good deal of—I'll be fair about it—the testing and yardstick measurements that we impose, like the EQAO, within our schools—which, if you want to translate that, is, “Don't measure us.” I think that is a ridiculous point of view, particularly when you consider that the net effect on the public service versus the private sector is about a 28% gain in salary and benefits. I think you represent the private sector people who, at this point, have cap in hand and are saying, “Please help us.”

Mr. Peter Coleman: And I think that's the challenge. The challenge is to find a balance to provide the service but try and lower expectations with some of these unions on how they're going forward. If you're going to make any meaningful cuts, at a point in time, you have to deal with the compensation issue within the government to allow priorities in the changing and shifting of demands and obligations.

But the thing is, too, every department should be looked at, saying, “Do we need this money in this department? If not, where should it go and be used somewhere more effectively?” I don't think governments in general do a very good job of saying, “Okay, we're going to pull back.” If we were at a corporation that had lost \$15 billion in tax revenue, we would be making these tough cuts, if we were a real corporation in the public sector.

Governments don't look at things that way. They have to look now, I think, at every department and say, “Do we need this department? Is it providing value and services for those that need help: the low-income people, the seniors, those that need assistance? We have to take care of them, but are the departments really wasting money and not putting any value forward for taxpayers?”

Mr. Peter Shurman: Hence your recommendation for zero-based budgeting. I know we just have seconds left, so very quickly: The 1% per year program spending idea would be, I assume, an average, as we know that hospitals, for example, are looking for 2%.

Mr. Peter Coleman: Yes.

Mr. Peter Shurman: Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for your presentation.

NORTEL RETIREES AND FORMER EMPLOYEES PROTECTION CANADA

The Vice-Chair (Mrs. Laura Albanese): I now call on the Nortel Retirees and former employees Protection

Canada, NRPC, to come forward. Good morning. You will have 10 minutes for your presentation, and that will be followed by five minutes of questioning.

Mr. Donald Sproule: Good morning, and thank you, Madam Chair. My name is Don Sproule and I'm national chair of the Nortel Retirees and former employees Protection Canada. Thank you for this opportunity to speak.

I may be in a novel position of actually making a proposal that could actually save this government money. Today, we are urging all MPPs and the government of Ontario to create a provincially managed Ontario pension agency—what we're internally calling the "Ontario pension orphanage"—where stranded pension plans can land. We're also asking this finance committee to connect the dots between unfair bankruptcy laws and what is happening not only to the pensioners but what's happening to the pension benefits guarantee fund that has to step in to resolve those issues.

Let me focus right now on the Ontario pension agency. This concept was tabled by the Ontario Expert Commission on Pensions, recommendation 5-2. This concept, we believe, creates a win-win, both for the pensioners and for the province, and let me explain how.

Under today's regulations, when a pension plan is wound up because of a company bankruptcy, the assets must be sold to purchase annuities. This purchase needlessly locks in today's underfunding of the plan and further reduces pensioner payout because of extremely low yields in the annuity market today.

In the case of the Nortel pensioners, of which there are 17,500 of us in Canada, and about 70% of those are in Ontario, we estimate, on plan windup, we are going to take a 30% cut in our pension plans. On top of that, we're going to lose our health benefits—another 10%—so we're looking at a 40% reduction, on average, in terms of our income.

Under the Ontario pension agency, the plan would not be wound up. It could continue to exist on an ongoing basis, with exposure both to the stock and the bond markets. Yes, pension payments would be cut back, but to a sustainable level—actuarially sustainable—nowhere close to that would be done with the windup of the plan.

We estimate that under the Ontario pension agency, the plan payout reduction would be reduced by half. Instead of a 30% cut in payments on windup, we're looking at probably a 15% cut in pension payments. Clearly, this concept is a win-win for pensioners, but it is also a win for Ontarians because this can be implemented with no cost to the taxpayers. In fact, the increased pensioner payout has an upside for the province in terms of reduced societal costs and increased tax base from the pensioners.

1130

The direct win for the province, however, lies in the effect on the pension benefits guarantee fund obligations. I would note here that since the inception of that fund, Nortel has been a contributor to the plan and has paid its dues, its insurance, and the province has an obligation to honour this guarantee.

Since the obligations of the pension benefits guarantee corporation are based on the deficiency of the plan, if we go from a 30% reduction in pension benefits to a 15% reduction in benefits, the pension benefits guarantee plan gains. In fact, it's going to get the reverse: It will pay out less because of the higher ratio of payouts to the pensioners. So it would approximately cut in half the size of the PBGF payouts, and we believe this clearly to be a financial win for the province.

The Ontario pension agency is not just a win for Nortel; it's a win for other pension plans that are under exposure, in-distress companies like AbitibiBowater, Fraser Papers, Canwest and many, many more—and my good friend, my actuary right here, will actually tell you that this concept of the Ontario pension benefits agency will actually have positive effects on corporations in terms of how they handle their debt in pensions.

In summary, on the Ontario pension agency:

- It was recommended by the Ontario Expert Commission on Pensions;

- It does not cost the taxpayers a cent;

- It is not a bailout;

- It provides a substantially higher payout to the pensioners, and at no cost to the taxpayers; and

- It substantially lowers the provincial payout of the PBGF, again, a fund that was contributed to in its inception by Nortel.

In addition, I have the temerity to ask you to look at another recommendation of the Ontario Expert Commission on Pensions, which is actually to raise the payout of the pension benefits guarantee fund. The current level of that fund has not been updated since its inception in the 1980s. We believe that the requested increase should not come again at the expense of taxpayers, but rather we are asking this committee to take a very, very close look at bankruptcy laws and how they affect the risk management and the payouts of the pension benefits guarantee fund. We believe that pension plans and pension benefits are given a higher priority ranking in bankruptcy that could do a lot to actually impact the risk of the pension benefits guarantee fund.

Recent developments in the credit markets have allowed bondholders to actually make an unfair profit in bankruptcies, and they are downloading the costs of these bankruptcies to the pensioners and to the government in terms of the pension benefits guarantee corporation and in terms of social spending and tax base. We are asking this government and this committee to hold special hearings to understand the cause and effect of bankruptcy changes.

Finally, in our case, the case of Nortel, there is a sense of urgency. Unless this government acts quickly, the Nortel plan is on its way to windup, and we are going to take a needless 30% cut in our pension payments. With the Ontario pension agency, we believe we have a win-win proposal on the table and we are urging this committee and all MPPs to solicit the support of not only their caucuses, but also the government to act quickly on our behalf. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. I would ask Mr. Prue to proceed with questioning.

Mr. Michael Prue: You made a statement that the actuary sitting next to you can explain exactly how this would work. I'm intrigued. Could you do so?

Mr. Ron Olsen: Sure. The concept—

Mr. Donald Sproule: Ron Olsen from the Segal Co.

Mr. Ron Olsen: Thank you. The concept of the Ontario pension agency is that rather than purchasing annuities where, in effect, an investment decision is made by the plan to buy bonds—because that's what the insurance company does with the annuity proceeds—the plan stays invested in market-based funds: stocks and bonds. So rather than think in terms of what bond markets can deliver today, we can take a longer view—government can do that through the Ontario pension agency—and think in terms of a sustainable level of pension that's significantly higher than what would currently be available in bond markets.

Private plan sponsors today are not, in large numbers, buying annuities and making significant bond investments. The reason for that is they look at the capital markets and say, "Hey, we want to stay invested in a mix of stocks and bonds." The problem with the current legislation in Ontario is that it forces the plan to change its investment strategy simply because the plan's sponsor has failed. The plan has not failed; the plan's sponsor has failed. What we're suggesting, what we're recommending, what we're saying Ontario needs to do, is to establish this agency so that the power is back with the plan in terms of being able to continue to take that long-term view. The benefit, as Don has indicated, to the taxpayer is that greatly reduced payments are necessary by the pension benefits guarantee fund, because instead of, for example, a 30% cut, we're talking about something in the range of a 15% cut—a significant benefit to the taxpayer.

The other piece that Don mentioned is that the Ontario pension agency would then put in place a structure that could cause—further to Mr. Sousa's question, asked of the universities—relief, really, for solvency funding. That's very, very important for plan sponsors in the private sector. The mechanism would then exist—when the actuaries are doing their calculations, when recommendations are being made as to the solvency level of a fund, rather than contemplate that annuities would need to be purchased, instead, the thought would be, no, the Ontario pension agency is available as an alternative. That could dramatically change the way in which plans are viewed and the funding of them in the province. That would require additional changes, but critical to it is the establishment of the Ontario pension agency, as recommended by Professor Arthurs in his report.

Mr. Michael Prue: The second question is—I'm going to Appendix A, and it shows that the current windup process would pay a \$1,522 monthly pension, and the orphanage concept that you're putting forward would bring it to \$1,700. So there's an additional \$178 available by going with this concept. Has this concept been brought

forward to the Ontario government, particularly to the finance ministry?

Mr. Donald Sproule: Ron and I have been in discussions with the finance ministry, and they certainly have understood what we're talking about. Again, it's not a unique recommendation, because of the Arthurs commission. What they are saying to us is that we need to talk to the minister, because the direction will come top-down from the minister. Our action today in talking to you is to create a political environment to say that this is important to 17,500 people. We sent out notices to all MPPs today to explain our plan—so, creating the political environment to say that this should be done is where we're at.

Mr. Michael Prue: Have the bureaucrats in any way said that this plan, in their opinion, is unworkable? Have they given any cause for you to think that they think that this can't be done? If it's a political thing, we can do a political thing. Are they saying that structurally, in any way, what you're saying cannot be done?

Mr. Ron Olsen: No, they have not indicated that there is any conceptual difficulty with it. It is all about the political will to exist to make it happen. That is what we have been advised.

Mr. Michael Prue: So if this committee were to recommend this to the minister, that would be part of the process of what you want?

Mr. Ron Olsen: Right. The establishment of this arrangement would obviously require government actuaries to establish what precisely are the rules so that we are not in a situation where, in any sense, this becomes a dumping ground, or any of the negative consequences that can exist with any successful, in effect, government program. But in terms of what we require today, we require the support of the government to push this forward so that we can make it happen, have that very, very detailed discussion as to what the specific requirements would need to be of this program. But in terms of today, at a conceptual level, we're here to say that this is something that can help. It is a win-win situation for plan sponsors, for the Nortel retirees and certainly for the Ontario taxpayer.

Mr. Michael Prue: And it won't cost a penny.

Mr. Ron Olsen: The actuaries for the government would, of course, want to do their own modelling as to what they would envision to be the long-term cost of this. We see no immediate cash outlay in terms of immediate cost savings to the government. Depending upon the specifics of the design of the arrangement, we would need to focus on those issues in totality.

The Vice-Chair (Mrs. Laura Albanese): Time has expired, unfortunately, but we thank you.

Mr. Charles Sousa: Madam Chair, if I could have a point of order? I'd like to ask if you could share with us—with our group—the deck that you've provided the MPPs? I think it's a pretty clear, concise presentation.

Mr. Donald Sproule: Oh, absolutely. In fact, all of the MPPs will get one as well, as you're also MPPs.

The Vice-Chair (Mrs. Laura Albanese): Oh, you want to provide it to the members of the committee? Okay. Maybe a copy could be given to the clerk, and that will be distributed to all the members.

1140

CANADIAN PARAPLEGIC ASSOCIATION
ONTARIO

The Vice-Chair (Mrs. Laura Albanese): We now welcome the Canadian Paraplegic Association Ontario. Good morning.

Ms. Lynda Staples: Lynda Staples.

The Vice-Chair (Mrs. Laura Albanese): Thank you, and you may begin any time.

Ms. Lynda Staples: Thank you very much. The Canadian Paraplegic Association appreciates the opportunity to speak to you today about the 2010 budget. Thank you for inviting us to the pre-budget consultations.

We would like to address some challenges that the province of Ontario is facing and offer the solution.

Since its inception in 1945, the Canadian Paraplegic Association has worked to assist persons with spinal cord injuries and other physical disabilities to achieve independence, self-reliance and full community participation. From the moment of injury, it takes enormous energy, time and money to rebuild each person's day-to-day life and dreams.

The highest occurrence of spinal cord injury to individuals is between the ages of 36 and 50. Spinal cord injury is one of the most traumatic events to occur in an individual's life, affecting family, friends, employers, community and, last but not least, the health care system. People can make a positive adjustment to spinal cord injury, given the right supports at the right time.

The Canadian Paraplegic Association currently delivers service through 16 regional offices. Our support network provides a number of core services for people with spinal cord injuries, including attendant services, rehab counselling, peer support, information services, community advocacy, and employment counselling, training and referrals. We work to enhance relationships and forge new partnerships with SCI network coordination.

The CPAO aspires to continue our partnership with the province of Ontario to provide vital core services to every Ontarian who sustains and lives with spinal cord injury so that people with disabilities can continue to be empowered to achieve full citizenship and lead productive lives. Working with the LHINs has also been a treasure for us.

Specifically, we have identified a way for the Ontario government to rework funding models for critical social programs, as detailed in the plan for community-based ventilator supports. As outlined in our submission, the Ontario government could reduce spending by over \$5 million a year for 27 Ontarians alone while improving their quality of life. With the right community support system, these Ontarians and many others yet to be

identified can live successfully in the community for many years, resulting in a higher quality of life for them and reduced cost to the Ontario government.

Presently, because of lack of adequate community supports, people who are medically stable, but need a ventilator, occupy intensive care units and alternate-level-of-care beds unnecessarily. They don't get the rehabilitation they require when they require it, and remain in hospital, sometimes for years, awaiting discharge to the community. Patients are forced to occupy acute care beds and ICU beds longer than necessary. This increases the time needed to admit patients from the ER, which in turn contributes to ER wait times.

CPA Ontario recognizes that the Ontario government devoted significant energy and expertise to deliver appropriate health care to people who need it. In 2007, in response to recommendations from the Chronic Ventilation Strategy Task Force, the Ministry of Health and Long-Term Care invested \$5.2 million to improve institutional care for people on ventilators. This task force presented five recommendations that included aspects enhancing community-based services. Not one of these recommendations has been acted on yet.

In 2008 the long-term ventilation service inventory program presented five major priorities. Number one was to increase the capacity for and a choice of community living.

In 2008 the Toronto Central LHIN, at the request of the Ministry of Health and Long-Term Care, developed a long-term ventilation strategy and action plan, which still remains to be implemented.

Using bed costs in the 2008 long-term vent report, the government spends over \$5 million more a year—approximately \$7 million instead of about \$2 million—in the community setting to house 27 people in chronic assisted ventilator care beds who could potentially be living in the community. Considering only 55% of hospitals in Ontario responded to this survey, there are more than 27 Ontarians waiting to benefit from community-based services, and more people are added to this burden every year.

CPA Ontario is pleased to have the opportunity to participate in pre-budget consultations by providing recommendations that offer solutions for some challenges faced by Ontario citizens. CPA Ontario is requesting the government of Ontario identify this as an immediate priority and direct the critical care secretariat in the Ministry of Health and Long-Term Care to work with our interdisciplinary team to renovate, fund and implement an improved, expanded community-based respiratory support program for Ontarians who require ventilator assistance.

Again, CPAO is pleased to have this opportunity and thank you very much for your attention.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. Mr. Arthurs or Ms. Sandals?

Mr. Wayne Arthurs: Yes, Ms. Sandals is fine.

The Vice-Chair (Mrs. Laura Albanese): Ms. Sandals.

Mrs. Liz Sandals: Thank you for this. I just happened to deal with a chap in my community who, when I first met him, was in ICU, I think with quite a medically complex tracheotomy. I believe he ended up in what would either be chronic assisted vent or a complex and continuing bed.

When you talk about community living, could you give us some more detail about the model that you're thinking about? Because my understanding, with this chap at least, was that with his level of medical need it would be very difficult to move below the level he was at and truly out into the community, which would have been his preference.

Ms. Lynda Staples: Right. Our intent is to develop a model that already exists out in BC. It's called PROP, the provincial respiratory outreach program. The idea is to be able to develop the community supports, like the attendant services and the outreach programs, to provide ongoing, 24/7 care to those who want to live in the community. Even though they have a need for a mechanical device to allow them to breathe, there's nothing else that gives them a reason not to live out in the community with their home, family and friends. So if we can provide the types of services and supports that they need we can then remove them from the beds, free those beds up for the ER times and give them the opportunity to have a quality of life in the community.

Mrs. Liz Sandals: So would this be the sort of thing where you would only be able to provide that service in a few selected communities? Certainly, in the case of the chap I'm thinking of, he would require 24/7 call service. That's obviously not something you can make available in every small community. So would it be in a few focused centres?

Ms. Lynda Staples: We have done some research, and we have a team ready to go for the mark if this is granted. The intent is to try and have the components in line with where the acute care centres are, so there would be Ottawa, Toronto, London and Windsor. If we work in line with the acute care hospitals, we have a far better success rate in getting the community supports.

Mrs. Liz Sandals: So you're looking at this as a service in the tertiary care centres.

Ms. Lynda Staples: As a start.

Mrs. Liz Sandals: Okay. Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you. We are recessed until 1 o'clock.

The committee recessed from 1149 to 1301.

The Vice-Chair (Mrs. Laura Albanese): The Standing Committee on Finance and Economic Affairs will come to order for our afternoon session. Before we begin, I'll just say that we have received, from our research officer, the document on the size of the public sector in Ontario that was requested yesterday.

SPIRITS CANADA

The Vice-Chair (Mrs. Laura Albanese): Having said that, we will welcome our first presenter for the

afternoon. We call on Spirits Canada to come forward. Good afternoon. You will have 10 minutes for your presentation. That will be followed by five minutes of questioning by, in this rotation, the official opposition. If you could please state your name before you begin for the purposes of our Hansard recording. Thank you.

Mr. Jan Westcott: I'm Jan Westcott, the president of Spirits Canada. I'm joined today by my colleague C.J. Hélie. Those of you who know me have heard me say before that he actually does all the work, and after you listen to me speak, you'll understand that even better.

We appreciate the opportunity to appear before you today. On behalf of the Ontario spirits industry, we're pleased to share our views on the priorities for the Ontario economy in the context of the public consultations that you're doing as you prepare for this year's provincial budget.

Not surprisingly, spirits sales in Ontario were not immune to the general softness in the overall market. In fact, the value of net spirits sales through the LCBO—and I would point out that in Ontario, our sole point of distribution and interaction with the consumer is through the LCBO. Our market for Ontario consumers was down 0.1% from about a year ago. There was a time, not too long ago, when facing such circumstances, the LCBO might have been directed or tempted to increase their product markups to raise net revenues for the province. The result would have been the beginning of a downward spiral as further depressed sales and revenues flowed from that. We actually commend the decision to hold firm on commodity tax rates this year, and think that's an important step that has been taken.

You will be aware that we are significant exporters. In fact, our industry exports, on average, about 70% of what we make, and the vast majority of that is exported from Ontario. In regard to our international business, 2009 provided a modest rebound from what was a pretty disastrous 2008. Our spirits exports value increased by about 5% last year, after falling almost a full 10% the previous year, mostly due to the global economic crisis. The dollar plays a little bit of a role, but I think it was really the economy, particularly in the United States.

The continued depressed revenue from our international sales puts a great deal of financial strain on our local manufacturing facilities. Basically, what happens is that not very much changes in the business except that the cash flow that comes in from our US sales declines pretty dramatically. So to remain competitive in a global market, our manufacturing sites have to continually reinvest in new technologies, new infrastructure and productivity enhancements in order to survive and continue to prosper. Softening sales at home and particularly abroad really combine and conspire to make these investments that are so necessary to the business even more difficult to justify.

It's for these reasons particularly that the Ontario spirits industry fully supports the decision announced last year for Ontario to harmonize its antiquated provincial sales tax with the federal goods and services tax. The

harmonized tax will reduce the administrative burden of companies having to deal with two separate sales taxes, reducing both red tape and internal compliance costs. More importantly, it will allow manufacturers to reduce their true costs of operation and new investments by the refunds available on input credits through the HST that were not available with the old PST.

For the beverage alcohol sector, there are a number of complications in moving towards the HST due to the historic higher PST rates on beverage alcohol than those applied more generally to other products. As you are probably aware, beverage alcohol was subject to a rate of 12% on our retail sales and 10% on on-premises drinks versus the general rate of 8%. We're actually still waiting for the specific adjustments to the LCBO product markup rates that will be implemented in conjunction with the introduction of the HST.

However, finance officials have confirmed that it's their intention to adjust those markups at the LCBO on a revenue-neutral basis and that there should be no net negative impact on spirits suppliers or on consumers. Obviously, we're going to hold the LCBO to these commitments and ensure that there isn't any deviation from that stated intention.

I'd also like to note that we were and continue to be active participants in what was a very large multi-stakeholder national beverage alcohol working group that was co-chaired by the Canadian Centre on Substance Abuse and Health Canada, and had representatives participating from almost all the provinces—certainly Ontario—to get to a new, modern, effective national alcohol strategy. It's in that context that we also support the decision that was taken in Ontario's Tax Plan for Jobs and Growth to ensure the introduction of the HST does not inadvertently depress retail prices for beverage alcohol, which potentially could lead to misuse of our products. We also support, therefore, the decision to annually adjust the beverage alcohol floor prices by a three-year moving average of the Ontario CPI to make sure that those retail prices remain relative to their value versus other goods and services in the market.

I think I'll stop there. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for that presentation. Mr. Miller.

Mr. Norm Miller: Thank you, Mr. Westcott, for your presentation today and for coming before the committee. I guess I'd first of all like to ask a bit about the HST. You were talking about it being a benefit. I assume most of your companies are fairly large companies that would have sales of \$10 million or more. Am I correct in that?

Mr. Jan Westcott: Most of them. There are some smaller players in Ontario; certainly Kittling Ridge in Grimsby would fall into that category. We are seeing the establishment of some even smaller companies.

Mr. Norm Miller: So you'd have most or more—

Mr. Jan Westcott: It's a mix, but most of them would be large; correct.

Mr. Norm Miller: Okay. And in your analysis of the HST, you're aware that there are significant input tax

credits that are denied for companies with sales of \$10 million or more for up to eight years?

Mr. Jan Westcott: Right.

Mr. Norm Miller: That is a fairly significant item. At least in the budget, it's over \$1 billion a year. We did have some groups coming before us asking that the elimination of those denials be sped up.

Mr. Jan Westcott: It would be better, there's no question. We've looked at the trend line and seen where it's going. The spirits industry is a capital-intensive business. Certainly it would be better, but I think we like the direction it's going, for sure.

Mr. Norm Miller: You've mentioned exports. I think you said that two years ago they fell 10%, but there was a 5% increase this year? Was I correct in that?

Mr. Jan Westcott: Yes.

Mr. Norm Miller: Is that mainly to the United States or is it around the world? And what is the potential for increasing that business?

1310

Mr. Jan Westcott: Our largest export market is the United States. Canadian whisky continues to be the largest-selling whisky in the United States. We outsell most of the other whiskies combined.

We do export to almost 200 countries around the world. Europe would be our second-biggest export market, followed by Asia.

Mr. Norm Miller: What about the potential for increasing the business?

Mr. Jan Westcott: Certainly, while the United States works its way through its economic turmoil, I don't think we're going to see a lot of short-term potential. People talk about that being years. In other export markets, there's certainly some opportunity. We're looking very hard at Asia.

We tend to be, more so in the United States than in Canada, a product that is consumed on-premise. In economic slowdowns, hospitality, tourism businesses—all the on-premise businesses are one of the very earliest to be hit and often one of the very latest to come out of it. So we don't expect that we're going to see a lot of upside on the US in the short term.

Mr. Norm Miller: Right, okay. I think my colleague wants to ask a bit about a bottle of whisky, I think was his question.

Mr. Peter Shurman: I want to know about a bottle of whisky. My friends in the United States like rye whisky but they like to make sure that I call it Canadian whisky when I'm down there.

Speaking of that bottle of Canadian whisky, if I understood you correctly, when I go to the LCBO to buy that bottle of Crown Royal for, let's just say, 40 bucks, after the HST is implemented I should experience neutrality on that price. Was that right?

Mr. Jan Westcott: That's what we've been told, yes.

Mr. Peter Shurman: So "neutrality" would mean that somewhere in the chain, there is a cash grab, in the way that I understand the implementation, because the layers, we've been told by the government, would be excluded

so now there's only one tax that's payable and it's by the end user.

Mr. Jan Westcott: As the new rate reflects an 8% PST element, as opposed to 12% or 10%, the government has said that it's not going to give up that revenue. It's going to continue to get that revenue and markups will be adjusted. There's no gain but they're not giving up that revenue.

Mr. Peter Shurman: In other words, I don't get to benefit and neither does any other whisky drinker.

Mr. Jan Westcott: No, and do not expect to see a price decrease.

Mr. Peter Shurman: I guess I'll just have to drop my consumption.

Interjection.

Mr. Jan Westcott: At the same time—no, we've been assured that prices will remain the same.

Mr. Peter Shurman: Thank you. Do I have any more time?

The Vice-Chair (Mrs. Laura Albanese): You have 45 seconds.

Mr. Peter Shurman: Okay, quick question: Any comment on the recently bandied-about discussion of disposal of government-owned assets, like the LCBO? I know you can't answer in 30 seconds how it would affect you, but the response of the industry in general terms?

Mr. Jan Westcott: We participated in six formal reviews of liquor boards, for want of a better thing, across the country, none of which have actually seen any change. What I say to my own members is that until we see an exact proposal and what the model is going to be, we can't comment. Because there are so many different variations out there, we don't know. Some of them might be good for us; some of them might be bad for us. Some of them might be good for the consumer. It has to be a specific proposal before we can really have a response and take a position.

Mr. Peter Shurman: Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for your presentation this afternoon.

Mr. Jan Westcott: Thank you for the opportunity to present.

CANADIAN CANCER SOCIETY,
ONTARIO DIVISION

The Vice-Chair (Mrs. Laura Albanese): Now we call on the Canadian Cancer Society, Ontario division. Good afternoon. You will have 10 minutes for your presentation. There could be up to five minutes of questioning afterwards. Please identify yourself for the purposes of our Hansard recording before you start.

Ms. Kathleen Perchaluk: Sure. Rowena will be starting. I'm Kathleen Perchaluk, manager, public issues.

Ms. Rowena Pinto: I'm Rowena Pinto, senior director of public affairs for the Canadian Cancer Society. First of all, thank you very much for allowing us to present to all of you. We're very happy to be here today.

I would like to begin by thanking you for the opportunity to speak to you today about the society's recommendations for the government of Ontario's 2010 budget. The implementation of our recommendations will help the society's staff and volunteers continue our fight against cancer.

Over the years the government has taken some positive steps towards reducing cancer incidence and improving treatment options. Laws, including the Smoke-Free Ontario Act and the Cosmetic Pesticides Ban Act, are impressive examples of the government's legislative efforts in the area of cancer prevention. However, as you know, cancer is a huge issue and there's still more work to be done. So today, we're going to cover a couple of our issues, but you'll see that in the bigger submission we cover quite a few more.

Over the next 10 years, Ontario will see an unprecedented rise in the number of people with cancer, and this is largely due to an aging and growing population. People's personal risk in cancer has not grown; however, because we do have aging demographics and we have more people joining Canada through immigration, we will see more cancer cases. In the years ahead, 44% of men and 39% of women are expected to develop cancer. Therefore, it is important for the government to focus on cancer prevention and enhancing the quality of life for Ontarians living with and beyond cancer.

According to the 2009 Canadian cancer statistics, it is estimated that in 2009, 27,900 Ontarians died from cancer and another 65,100 Ontarians were diagnosed with the disease. To put this increase into perspective, in 2007, 172 people in Ontario were diagnosed with cancer each day. By 2017, that number of newly diagnosed cases is expected to jump to 228 per day, which is equal to 83,220 per year, unless there are more significant changes made related to cancer prevention.

Ms. Kathleen Perchaluk: The society realizes there are significant economic challenges facing Ontario. However, it is important to note that cancer is a major cost driver in the provincial health care budgets and affects the ability of all levels of governments to collect revenue and pay for services. Therefore, the cancer burden is an extremely important budgetary consideration.

Ontario currently spends approximately \$2 billion per year on cancer care. The indirect costs associated with cancer, such as loss of productivity, cost Ontario approximately \$5 billion per year.

Through effective legislative changes, the government can further reduce the impact of cancer on Ontarians and their families. The society encourages the government of Ontario to address our recommendations around tobacco control, indoor tanning, environmental and occupational carcinogens, access to cancer drugs, and healthy eating and active living in your 2010 budget.

Ms. Rowena Pinto: As mentioned, just based on time, our comments today will focus on two significant cancer prevention priorities: tobacco control and indoor tanning. But I encourage you to review all of our recommendations in our pre-budget submission.

Tobacco use is one of the largest known contributors to cancer. It is the major preventable cause of death in Canada. In the area of tobacco control, the society is still committed to pursuing the solutions necessary to curb the rampant contraband issues facing our province.

In spite of the great progress with tobacco control measures, smoking rates in Ontario are no longer declining. One important reason smoking rates have not dropped further is because the price of tobacco products is too low, mainly due to illegal cigarettes. It is important to mention that taxation is not the cause of contraband. Ontario and Quebec have the worst contraband problem and the lowest taxes in Canada.

To highlight the severity of the contraband issue, contraband tobacco is showing up at schools and neighbourhoods in unbranded clear plastic packages and being sold for as little as \$6 for 200 cigarettes. We also know that 25% of daily youth smokers in Ontario regularly smoke illegal cigarettes. Studies conducted by the Ontario Tobacco Research Unit estimated that almost one in four smokers purchase contraband cigarettes, and more recent studies indicate that illegal cigarettes may now represent about 30% of the market.

The society remains concerned that the progress made under the Smoke-Free Ontario Act, especially with youth consumption, may be whittled away by the problem of low-priced and untaxed contraband products. Therefore, the Canadian Cancer Society continues to call on the government of Ontario to take swift action to curb the availability of contraband tobacco to youth and others.

Our recommendations include:

- enforcing the current regulations around tobacco quotas. Several other provinces have quota systems for reserves, including BC, Manitoba, Nova Scotia and New Brunswick, and all are being enforced;

- establishing a refund rebate tax system, which, in conjunction with the quota system, would make it more difficult for on-reserve retailers to sell tax-free cigarettes to non-natives. This system is already in place in Alberta, Saskatchewan, Manitoba, Quebec and New Brunswick;

1320

- prohibiting the supply of raw materials to unlicensed manufacturers. This would definitely give a blow, especially to the counterfeit and illegal cigarette market;

- establishing a bond of \$5 million for a tobacco manufacturer's licence;

- empowering all peace officers, including tobacco inspectors, to seize illegal tobacco and lay charges or assess penalties for unpaid tax. Currently, only the RCMP is able to do so. All other peace officers, if they see contraband actually have to call and get permission from the Ministry of Finance to seize and charge; and

- shut down all illegal manufacturing facilities across the border. Obviously, we would have to work with our federal colleagues on that.

With these few but very important measures, we do feel that we could have a huge impact on contraband

cigarettes and therefore increase cessation here in Ontario.

Ms. Kathleen Perchaluk: Now to touch on our other recommendation on indoor tanning. For more than three years, the society has been advocating the government of Ontario to restrict the use of indoor tanning equipment for youth under 18 years of age.

In July 2009, our need for action became even stronger. The International Agency for Research on Cancer confirmed what research has suggested: a definitive link between tanning bed usage and melanoma skin cancer. A research analysis concluded that using tanning beds before the age of 30 increases a person's risk of developing melanoma by 75%. We also know from a study the society released last year that indoor tanning industries do not adhere to the voluntary Health Canada guidelines that are currently in place to protect the health of citizens both young and old.

With melanoma skin cancer being one of the most common forms of cancer for youth between the ages of 15 and 29, we need the government to take action immediately. The Canadian Cancer Society calls on the government of Ontario, through active legislation, to:

- prohibit the use of indoor tanning equipment by youth under the age of 18;

- develop and maintain a registry of licensing systems for indoor tanning equipment in Ontario with fees put towards enforcement;

- restrict the marketing practices of indoor tanning facilities and prohibit tanning salons from targeting youth in marketing campaigns;

- implement mandatory training standards for staff operating indoor tanning equipment, including identifying skin types and the potential dangers that each skin type may face with exposure to UVR rays;

- ensure that the risks associated with indoor tanning are posted in clear view of equipment.

Other jurisdictions such as Scotland, Germany and Australia have recognized the risk associated with indoor tanning equipment, and are moving forward with legislation that will restrict its use by youth under the age of 18. In order to protect the health of our youth in Ontario, we need to do the same.

In closing, Rowena and I would like to thank you for your time and consideration given to our recommendations. Whether it's working to eradicate cancer through prevention and healthy public policy or working to enhance the quality of life of people living with cancer, we know we have allies in the government of Ontario and all MPPs here at Queen's Park.

We're happy to take any questions at this time. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you so much for your submission. I would now ask Mr. Prue to proceed with questioning.

Mr. Michael Prue: Thank you very much. You have outlined, first of all, the serious problem of illegal tobacco. It is estimated that 30% or more of all the cigarettes smoked in Ontario are now sold clandestinely.

We've had a couple of deputations on this from unlikely sources. One was Imperial Tobacco asking us to crack down. I remember commenting to them that it was like the pot calling the kettle black because they themselves had been illegally importing tobacco in the past. But we also had the retailers, who are here today—small store owners—who are seeing their sales go down hugely. They are worried that the HST is going to further drive sales underground. Have you had any discussion about the actual sales increasing beyond 30% as a result of the HST?

Ms. Rowena Pinto: We know that price plays a huge role in this whole issue. Obviously, as mentioned, contraband cigarettes are sold for a portion of what legal cigarettes are sold for, so what we do imagine is it could potentially increase the contraband market for sure. Where we're caught is, we know that actually raising the price of cigarettes is an absolutely fantastic cessation tool; it actually inhibits youth from initiating smoking to begin with. We know that at least 4% of adult smokers will quit smoking each time there is a price increase and double that number of youth will quit smoking because they are so concerned about price. So, are we upset that the price will go up because of HST? No. However, if we don't do something around contraband, yes, you could very likely see an expansion of the contraband market.

Mr. Michael Prue: What I'm worried about—because you've suggested a \$10 increase. If they were all legal cigarettes, I would say "\$20." But I am worried that if we push the price too far, we'll drive it underground and people will be smoking cigarettes that cost \$6 or \$8 a carton. We'll just force them into that.

Ms. Rowena Pinto: Yes, most definitely. A few years ago we were very vocal about raising the price of cigarettes, but obviously we've backed off on that, but it's something we still include because it is such a good measure in terms of stopping smoking. However, you're right: With the current contraband issue and the way it is right now, we need to get a handle on that, because you're very correct that if we don't, really we're just shifting where the smoking is occurring and we're not necessarily capturing all the people who are actually taking up smoking.

Mr. Michael Prue: Quebec has taken some huge enforcement action in the last few weeks, and you are recommending some of the things that are contained in the Quebec bill. Should Ontario move to pass a Quebec-like bill in very short order? Should we be doing exactly the same thing: allowing police to make arrests without going through the RCMP; beefing up enforcements; arresting people who are trading in cigarettes off-reserve, or whatever?

Ms. Rowena Pinto: Most definitely. Right now, enforcement is very inhibited. As mentioned, currently the only people who can enforce this legislation, seize illegal cigarettes and make arrests are the RCMP. The people who are seeing a lot of this stuff are tobacco inspectors and the OPP and Toronto police etc., and they have their hands tied. Any way that this government can enable this

to happen—even though it is a tax issue, it is still a legal issue and has a huge health impact. So I think any way that this government can actually help more people be able to engage in the enforcement side would be welcomed by all the enforcement officers we've spoken to.

Mr. Michael Prue: You've made a recommendation that the government increase the price or the taxes on loose tobacco. How much revenue would that bring in if they brought it up to the national average? I think it's a great idea, by the way.

Ms. Rowena Pinto: Yes. I'm not exactly sure if we have that number at the tips of our fingers, but it is a huge loophole right at the moment. Again, loose tobacco is about half the price of what you could normally buy for cigarettes, so people who can't afford cigarettes that are already rolled will buy that. At least bringing it up to the same level would definitely increase tax revenue for the government.

Mr. Michael Prue: Tens of millions of dollars.

Ms. Rowena Pinto: Potentially.

Mr. Michael Prue: Money that they need.

Ms. Rowena Pinto: Money that they need, yes; that we all need.

Mr. Michael Prue: All right. If I've got enough time?

The Vice-Chair (Mrs. Laura Albanese): No; sorry. It's only 15 seconds.

Ms. Rowena Pinto: Thank you so much for your time. I appreciate it.

The Vice-Chair (Mrs. Laura Albanese): Thank you for appearing before the committee this afternoon.

Our next presenter, the Council of Ontario Construction Associations, has cancelled.

Before we move to the next presenter I would like to, while I have the attention of all the members, remind them that for our subcommittee report, the proposed recommendations should be filed with the clerk of the committee by 12 noon on Friday, February 19, 2010. I would like to remind you of that deadline and also that the date for report writing is Thursday, February 25, 2010.

Having said—

Mr. John O'Toole: Chair, just a question: Logistically, in the event that the government chooses to prorogue the House—the provincial Legislature—will these orders you're giving now still stand or will the committee be disbanded?

The Vice-Chair (Mrs. Laura Albanese): We'll worry about it once we find out if they prorogue.

Mr. John O'Toole: I think it's important for organizing our schedules.

The Vice-Chair (Mrs. Laura Albanese): If they do, we'll make sure to inform the members as soon as possible.

Interjection.

The Vice-Chair (Mrs. Laura Albanese): We will make sure to inform you as soon as we know.

Mr. John O'Toole: I'd like it on the record, because as a courtesy the government could do it sooner; maybe just before the by-election.

The Vice-Chair (Mrs. Laura Albanese): Well, we have no answer to that. Thank you.

1330

ONTARIO ROAD BUILDERS'
ASSOCIATION

The Vice-Chair (Mrs. Laura Albanese): I will call up the next presenter, the Ontario Road Builders' Association. Good afternoon.

Ms. Karen Renkema: Good afternoon.

The Vice-Chair (Mrs. Laura Albanese): You will have 10 minutes for your presentation. That will be followed by up to five minutes of questioning from the government side, in this rotation.

Ms. Karen Renkema: Okay, thank you. You'll have to excuse me; I've come down with a bit of a cold here. I'll try my best to get through this.

Ms. Chair and members of the standing committee, good afternoon and thank you for having us here. My name is Karen Renkema and I'm the director of government relations for the Ontario Road Builders' Association. With me today is Alfredo Maggio, first-vice-president of the association and also president of Graham Bros. Construction here in the Toronto area.

I'm going to have Alfredo walk us through an introduction of our association as well as talk a bit about the infrastructure investment issue. I'm going to follow up with a few more comments about our core infrastructure as well as the HST.

I do also want to quickly note, before we move along further, that our comments today are based on our more formal submission that will be forwarded to the committee clerk in a short time so that it may be shared with the members of this committee. It will also cover issues such as the unfunded liability within the WSIB as well as our current regulatory environment.

I'll turn it over to Alfredo now.

Mr. Alfredo Maggio: Thank you, and good afternoon. ORBA is an association comprised of approximately 70 contractor members that perform work primarily for the Ministry of Transportation and municipalities across the province. We also have an additional 85 associate members.

Our membership consists of both union and non-unionized road-building construction firms in Ontario who collectively employ more than 50,000 workers during the peak season.

It has been a pretty busy year this year, and we anticipate that the year to come will probably be busier. But we still have capacity to deliver more infrastructure projects that the government and the economy are depending on as a way to continue stimulating the economy. However, our message here today isn't one of adding more shovel-ready projects to the list of where the infrastructure money should be dedicated. Instead, our message is that of strategic infrastructure investment.

Don't get us wrong: We commend this government's initiative and its federal government counterpart for the

investments that you've made over the past two years. It is truly substantial and it was needed. We've been able to hire many employees and literally keep Ontario moving.

In addition to the infrastructure stimulus fund, we congratulate the government, through the Ministry of Transportation, for releasing the largest capital budget ever for highway investment and we look forward to its continuing to deliver budgets of this size.

We also have a five-year highway plan, through the Ministry of Transportation, which is very important to our organization, because now we can plan our training and equipment needs five years ahead. That is something that we encourage for all levels of government as they plan their infrastructure spending. This government is truly committed to infrastructure investment, and we, as builders of transportation infrastructure, recognize that.

Now back to our strategic message as it relates to infrastructure. I'm going to leave the details to Karen, but let me quickly outline four key points.

First, now is not the time to take the pedal off the gas on infrastructure funding. Furthermore, the infrastructure deficit illustrates that we have many years ahead when dedicated infrastructure funding must continue and perhaps increase.

We also encourage the government to consider that in these tough economic times, we should focus on core infrastructure—bridges, roads, water mains—infrastructure that needs to be maintained for increased public safety and to keep Ontario moving.

Finally, we would suggest, in the future, as a stipulation of any provincial funding, that the province require municipalities to maintain asset management planning in order to ensure that the infrastructure funding is being dedicated to the most appropriate assets that are in dire need of repair.

Thank you. Karen?

Ms. Karen Renkema: Thank you, Alfredo. To begin, I want to speak a bit about jobs in our current economic climate as it relates to infrastructure spending.

Earlier this year, ORBA commented on the college-of-trades legislation that this Legislature was considering. Throughout our presentation we made one thing very clear: The skill set that is needed for tradespeople in our industry is easily transferable from other industries, specifically those that are currently under tremendous pressure with increasing unemployment. Our industry can help—and we have—to provide jobs and to continue to stimulate the economy. With jobs being a continuing concern in today's economic climate, we are suggesting that now is not the time to drastically cease infrastructure funding.

In addition, the March 31, 2011, date—the artificial date when all stimulus funds need to be spent—is problematic. We cannot just shut off the tap then for a number of reasons, including that of jobs. We need to have a tapered approach on infrastructure stimulus funding. Infrastructure spending cannot be seen as an expense in any economic climate. It is always an investment, an investment in our future as a province. Any infrastructure

deficit that our province faces illustrates the need for ongoing infrastructure investment in our core assets.

In its November 2007 report *Danger Ahead*, the Federation of Canadian Municipalities warned sharply that an immediate investment of \$123 billion is needed to prevent the collapse of Canada's infrastructure. An August 2008 study commissioned by the Institute for Research on Public Policy prepared by James Brox estimates a requirement for almost \$200 billion in infrastructure investment—\$123 billion in the short term to deal with the deficit and another \$72 billion to address immediate capacity expansion needs.

Core infrastructure has a direct relationship to the productivity of Ontario businesses. If a company can move goods quicker or cheaper through improved infrastructure, its unit cost of production will decrease. If there is inadequate transportation capacity—roads or transit—to get employees to work on time, unit cost of production will rise.

A well-known report on the costs of congestion in the GTA estimates that it costs businesses over \$2 billion per year in lost productivity. The previously mentioned IRPP report empirically establishes the case that long-term infrastructure investment increases the productivity of private capital. Specifically, Mr. Brox calculates that a sustained annual increase of 10% in core infrastructure investment could deliver a 5% reduction in Ontario manufacturers' unit production costs.

Ontario's public capital stock is aging, and investment in public infrastructure has dropped to half of its average values in the 1960s when it's measured as a percentage of the GDP. Since 1960, growth in publicly owned core infrastructure has risen at an annual average of just 2%. Much of Ontario's core infrastructure was built in the 1950s and 1960s, and it's established that 59% of our infrastructure is now more than 50 years old. The cost for rehabilitation and maintenance of the existing public infrastructure in Ontario could be in the order of \$5 billion to \$10 billion per year. This is in addition to the current repair deficit, which could be as high as \$19 billion.

Furthermore, the Auditor General's report, just recently released in December, focused on the need for a sustained infrastructure investment, particularly on our core assets, such as bridges. Ontario's bridges' average age equals to about 40 years, and 70% of our bridges were built in the 1950s and 1960s.

It is important to make the distinction between core infrastructure as opposed to other types of public infrastructure: those that address quality of life, but not necessarily fundamental economic and public safety objectives. In reference to core infrastructure throughout this presentation, we are referring to that aspect of public capital infrastructure that is directly linked to the production process. That includes infrastructure such as roads, bridges, sewers, water mains, water treatment and electrical power generation.

There will be many tough decisions in the 2010 provincial budget; we recognize that. We suggest that the

government, when making decisions regarding infrastructure investment both provincially as well as municipally, consider that core infrastructure may be the best value for money in these times.

Furthermore, just a quick note on the point that Alfredo made on the requirement for municipalities to maintain an asset management system: We agree with the Auditor General that municipalities should be encouraged to maintain a system that will track the age and investment needed on their core infrastructure. In fact, we would suggest that such an asset management system be required for any future funding that both the provincial and federal governments direct to municipalities. In this way, the public and the provincial government can be assured that infrastructure funds are being spent on the assets that really do need rehabilitation, repair or replacement.

I also want to speak briefly on the HST issue. We were pleased to appear in front of this committee in December to support the HST legislation. For our industry, HST will provide clarity, consistency and ease of administration, where the applicability of it will no longer be confusing and the administration of the tax will be consistent. Harmonization will provide the ability to increase compliance in the collection of taxes and will also level the playing field for all our members in our industry to operate and compete. In addition, those in our industry will be able to access input tax credits that were never available before.

1340

In addition to the administration argument, it's also important to note that currently the proportion of purchases subject to the RST varies widely by industry. In the construction industry we are significantly impacted by the favouritism that our current tax system presents, which is heavily biased against investments in construction. Our sector realizes the highest proportion of purchases subject to the RST out of all industries in our province, and it's time for a more even playing field.

However, we do have three quick concerns on the implementation of the HST.

We spoke to you in December regarding the direction of the government and municipalities in procuring contracts and the direction that they need to give us on the HST. The Ministry of Transportation has moved forward in giving us clear direction on how we should bid contracts. However, there has been no direction from the provincial government to municipalities, and municipalities currently are all using different language in order to instruct bidders on how to procure infrastructure investment. We're suggesting that there needs to be standard language across the province.

The Vice-Chair (Mrs. Laura Albanese): I'm sorry, but the time is about to expire.

Ms. Karen Renkema: Okay.

The Vice-Chair (Mrs. Laura Albanese): Is that okay?

Ms. Karen Renkema: That's fine.

The Vice-Chair (Mrs. Laura Albanese): I'll then pass it on to Mr. Flynn for questions.

Mr. Kevin Daniel Flynn: Thank you, Karen and Alfredo, for your presentation. You did make it through fine.

Alfredo, you started off by saying you had a very busy year. There aren't too many people who have come forward and said that, so that's good to hear.

We had an expert witness who was in to see us just yesterday, or the day before, perhaps. His point was that if it hadn't been for the infrastructure stimulus, instead of slipping into a recession, we probably would have slipped into a depression. So the work you're doing out there is quite valuable.

We've had a lot of people come forward and say to us that this should be a year in which we should be concerned about jobs. Just how many jobs is your organization responsible for, and what do you think the infrastructure package has meant in terms of jobs either saved or created in the past couple of years?

Mr. Alfredo Maggio: Our particular company has about 400 employees during the peak season. What we've noticed since this infrastructure money started coming through—it's coming through for infrastructure and it's certainly helping our industry. What it's also doing is helping the industries that are still suffering, other construction sectors that haven't recovered yet. So they are migrating into our industry, which allows them to survive until their markets recover. Had we not had that infrastructure spending, and continued spending, there would be some serious detriment to the other industries in construction.

Mr. Kevin Daniel Flynn: Okay, thank you. The overriding message I got from both your presentations was to keep up the investment, that it has worked and it should work into the future, and it's something that should be sort of maintained.

You're talking about asset management planning. Do you have any idea of the percentage of our towns and cities, perhaps, that would comply today with those plans?

Ms. Karen Renkema: Yes. A number of our towns and cities are on different plans. I know that the Ontario Good Roads Association has a system in which municipalities can track asset management. At this point, I don't have a number off the top of my head. It's not very high, from what I remember.

I guess what has happened is, there's no requirement for them to buy in to the system. At first, it's administratively difficult to start complying and entering in your assets. So until there's a requirement for them to comply, a number of municipalities probably wouldn't do so or they're utilizing the system but maybe only for a couple of pieces of their infrastructure management plan, not their full asset management plan.

Mr. Kevin Daniel Flynn: Would it be fair to assume that those municipalities that have plans would be the larger, more sophisticated municipalities?

Ms. Karen Renkema: Yes and no. Yes, most of the larger municipalities do have an asset management plan system in place. I don't want to say that some of the smaller ones don't. There are some very, very good smaller municipalities that are looking at their infrastructure and managing it correctly, but there are also a number of larger municipalities that are doing so as well.

Mr. Kevin Daniel Flynn: Okay, wonderful. You gave us some good facts there.

The Vice-Chair (Mrs. Laura Albanese): One minute.

Mr. Kevin Daniel Flynn: I think you said, Karen, that a 10% increase in infrastructure investment leads to a decline of about 5% in the operating costs of Ontario's businesses.

Ms. Karen Renkema: Yes.

Mr. Kevin Daniel Flynn: Is that what you said?

Ms. Karen Renkema: Absolutely, yes.

Mr. Kevin Daniel Flynn: Could you expand on that a little bit?

Ms. Karen Renkema: This was a report that James Brox did for the Institute for Research on Public Policy. He looked at some of the declines in some of our productivity, specifically in the GTA, but also across Canada. So that number is just an average across Canada. Perhaps it could even be dramatically increased within the greater Toronto area.

The Vice-Chair (Mrs. Laura Albanese): Thank you. Sorry, the time has expired. Thank you very much for appearing before our committee this afternoon.

Ms. Karen Renkema: Thank you for your time.

GENNUM CORP.

The Vice-Chair (Mrs. Laura Albanese): Now we have a slight switch, so we'll call Gennum Corp. to come forward. Good afternoon. You will have 10 minutes for your presentation. That will be followed by five minutes of questioning. If you could state your name before you begin. Thank you.

Dr. Franz Fink: Good afternoon. My name is Franz Fink. I am the CEO of Gennum Corp., a \$100-million semiconductor company headquartered down in Burlington, Ontario. With me I have our chief financial officer, Gord Currie; and our senior VP of HR, Bruce Hannah.

I really appreciate this opportunity to share with you an Ontario success story, creating knowledge-based jobs here in Ontario and competing globally.

As you all know, two weeks from now, the Olympics are going to take place in Vancouver, and I'm as excited as you to see the games. I am even more excited because I know that none of us could see the games in high definition without Gennum products that are being used at the Olympics, but are also being used to bring the games, in high definition, to your televisions.

In recognition of this work, we are the only Canadian company amongst other technology companies that received, in 2006, what is called the National Academy of Television Arts and Sciences's award for broadcast

innovation. This is an acknowledgement for our engineers we have here in Ontario—in Toronto, in Burlington and in Ottawa—for our innovation of products that, once more, and I'll go into more details a little bit later, enable games to be captured, whether it's a hockey game, whether it's downhill, distribute it over the broadcast, over the Internet, and bring it in high definition to your HDTV. So it's a fact: Without Gennum, Gennum's innovative engineers and our products, there ain't no HD Olympics or seeing Canada winning the games on the TV.

Now with this, let me also make here a very important point: Thank you for your support over the last 30 years. Clearly your policies and use of power have helped us to compete globally and have allowed us to build a company of over 400 employees today, 300 and more in Ontario, and really compete globally.

To continue to compete, it is critical for us—as innovation of those products is at the heart of the company—to continue to hire the best people. Ontario is a hotbed of engineers who know how to do those products best, and I'll go into a little bit more detail. Obviously, delivering more innovate products faster is essential to continue to compete, moving forward.

Now, if you talk about our customer base, through our work and investment over the last few years, we have created over 500 customers worldwide. Amongst them are companies like Sharp, Sony—if you would have a Sony TV—Panasonic and others that obviously capture, broadcast and distribute it around the world.

Now, let's come to the Olympics just for a second, and where our products are. Whether it's in a camera capturing the hockey game, whether it's in those trucks where there are mini-broadcast studios obviously working on what they have captured, to distribute it over broadcast into your TV, so in your TV, or being stored in the Internet and you download a video clip, once more, you won't see a clip, you won't see a TV program, without the video having gone through a Gennum product along the way.

This opportunity we have here together—and we're going to give some of those products around here—is that obviously, as more video is being captured and more HD video is being captured, more Internet traffic is distributed around the world. In other words, the market is coming our way on what we do best. Ever more innovative products are being required to do that effectively, cost-effectively and with the highest quality of picture.

1350

Now to what is enabling, so far, our success here: We support your policies and programs, whether it's education policies, shared tax credit or the HST. Where we would like to see programs be a little bit more flexible is in job funds and in loans. Let me just make one important point here—and maybe I can capture your attention, even though I like the Emmy as much as you do. Last year we tried to grow even faster, keeping jobs in Ontario and acquiring Tundra Semiconductor. We were very competitive in the bid, but ultimately a US

competitor outbid us, and we could only go so far. With more flexible loans or funds, I would be fairly confident in saying that we could have kept those 200 jobs here in Ontario. We are very profitable, we are growing, and we are very well-respected in what we are delivering. It's just constantly continuing on this path and moving faster.

In that context, once more: Knowledge-based jobs are key. We have programs with all the respected universities, whether it's University of Toronto, Queen's or McMaster. Over the last 10 years, we hired over 127 students, and by the way, we are talking about real, knowledge-based jobs here. Believe me, while I have done many things, I'm not quite skilled enough to do those products our engineers do.

There are not many places you find those skilled jobs. They are very differentiated. You find some here, and you find some in Ottawa. We have a small team in Calgary. Of course there are some in the US. But we have the skills, and we can build upon it. We just need to make sure that we continue to hire those people.

By the way, the average salary to start, just to let you know, is \$70,000. So we are talking about people coming from university with very meaningful jobs and very meaningful base salaries.

Where are some of our challenges? As you can imagine as you look at the product, a significant R&D investment is required. The product development cycle is anywhere from 12 to 36 months, so we are talking about a very significant investment. By the way, last year we delivered 20 products for all sorts of different applications, from TV to cameras to routers to storage units, to the marketplace

In that context, you'd obviously ask, "What's your opportunity?" Well, it's huge. Today we are talking about a market worth hundreds of millions of dollars—let's say \$500 million to \$700 million—but as the traffic goes up, ever more of those products have to be used in all sorts of equipment around the world. It's becoming a multi-billion-dollar market growing at an annual rate of more than 30% over the next 10 years.

In that context, we are the only Canadian innovator left in the semiconductor industry. It's a very differentiating product. From that perspective, obviously not just hiring more people here to grow faster but also having flexible funds to acquire some of our competitors is key moving forward.

Let me summarize: We really support your programs. We appreciate the support you have given us over the last 30 years to be competitive. We support you, and your programs create knowledge-based jobs moving forward. We are prepared to partner with you and again; having access to flexible programs here or there would obviously help us to even accelerate this and move faster.

With that, I would like to thank you for the opportunity to present here to you today. I would like to reconfirm that we like to be here in Ontario. We would like to grow here in Ontario, and we are determined to partner with you to accelerate that here in the months and years to come. Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Well, thank you for your presentation. I guess we will ask if we can take the Emmy as an exhibit for the committee.

Laughter.

The Vice-Chair (Mrs. Laura Albanese): Having said that, I will pass it to Mr. Shurman for questions.

Mr. Peter Shurman: Remarkable presentation, Dr. Fink, thank you very much—lovely products.

I want to save a minute for my esteemed colleague Mr. O'Toole, so if I can get some short answers, that would be great. What support, if any, in broad perspective, did Gennum get from the Ontario government in the period of time that you've been developing?

Dr. Franz Fink: Most importantly, education programs obviously are very helpful. You are supporting universities getting those engineers. It is very appreciated. The tax program on the research and development side, of course, makes us competitive versus other people who have a slightly lower cost structure.

Mr. Peter Shurman: But you could have used some help in this bid last year, and you lost as a result.

Dr. Franz Fink: Let me talk about the bid. The bid is always dependent on how you can, with a capital structure, create a win-win. Obviously, we are very profitable. We have a good cash position, but one of our competitors had a better cash position. We had to go with more shares, diluting our shareholders. There was a point where we had to say, "This is our cash. These are our shares. We cannot dilute them further. That's all we can do." A flexible program putting more money on the table probably would have allowed us to pull that off.

Mr. Peter Shurman: We had a presentation yesterday from a venture capital group here in the province of Ontario. They talked about how Ontario had suffered to the tune of 50% on venture capital coming into the province last year when our fellow provinces had profited. I'm just wondering—a quick yes or no—if there was better organization in terms of venture capital and it was more attractive, do you think that would have benefited you?

Dr. Franz Fink: Absolutely.

Mr. Peter Shurman: Thank you. John?

Mr. John O'Toole: Thank you very much. I'll start with congratulations on the technical Emmy Award. That's quite an achievement without government help. I'm in support of that, that you can do it on your own. Government needs to be there to make sure that you are aware of the opportunities.

On a personal level, I take a look at the slide here with the Olympic features. I'm quite familiar with CTV; my daughter-in-law is executive assistant to Keith Pelley, who is the CTV head of all of it. The technology, she said—I was talking to her on the weekend; she's out in Vancouver. It's true that Canada is a showcase right now, and if Ontario was there—are you there? Are you there with the support of the technology you've shown here today?

Dr. Franz Fink: We are not there showing our company logo and that type of stuff, but we are going to

be there indirectly with partners because whether it's Evertz or Miranda—

Interjection.

Dr. Franz Fink: Those broadcast studios buy from us. By the way, the leaders in the marketplace from the equipment standpoint are Evertz, Harris and Miranda; they are Ontario-based and Quebec-based companies. Canada is going to be there, and we're going to be there with them indirectly.

Mr. John O'Toole: Indirectly, you're there as part of the technical team, I'm sure.

More recently, Ontario made a very important announcement with respect to technology investment—the Samsung deal. Do you think that Ontario is lacking the innovation and creativity to move forward? Do we need a foreign country to come in and take over that spot?

Dr. Franz Fink: I wouldn't say it's necessarily lacking because the talent and the innovative capability are there. I would say it's the aggressiveness to really capitalize on it with more flexible programs.

Mr. John O'Toole: I was disappointed, coming from Durham, an energy riding—the backlash is quite remarkable. Also, with respect to the go-ahead position on energy from all different sources, that's where the innovation is going to come from. Our universities—Waterloo, McMaster, U of T and Queen's—are centres of excellence in energy as well as technology. Do you think they're up to the job? You recruit from them all the time.

Dr. Franz Fink: Absolutely. I'm not an expert in all of those fields, but I would assume they're as good as the engineers—the engineers we hire are second to none in industry. It's just hiring more of them faster and having flexible programs to even more aggressively compete with our US competitors.

Mr. John O'Toole: I'm very impressed and I just appreciate your position with respect to building the economy on knowledge-based, skilled jobs that have good salary bases. That's what we need in the future. I commend your company on what you've achieved without a lot of government help. Please stay in touch.

What are the small pieces? Is it the regulatory application? Is there something they can do without a direct cheque for your industry? Technology, research, capital depreciation, all these other kinds of allowances in tax structure. Are there other things that can be done to stimulate, encourage and maintain those businesses in Ontario?

Dr. Franz Fink: Again, you're doing quite a lot. It's important to continue to support universities. I think the earlier question on infrastructure, attracting people like venture capitalists coming in here with flexible programs, putting seeds of start-up companies, clusters of companies that work together to leverage each other, is important.

1400

At the end of the day, we should not underestimate that as it comes down to business, it comes down to: What other significant support do you have? Very often,

it comes down to financials. While I appreciate that people don't like to write big cheques, ultimately, if you want to grow faster, it doesn't go without some of the big cheques.

The Vice-Chair (Mrs. Laura Albanese): Thank you.

Mr. Bruce Hannah: Am I allowed to add to that question?

Mr. John O'Toole: Sure.

Mr. Bruce Hannah: I think programs like the Ontario jobs fund would have been tremendously helpful to us in 2009. It would have more than doubled our capacity to hire in 2009, in a down-year, but that fund was dried up.

Dr. Franz Fink: Because, remember, it's all about intellectual capital. That's why it's differentiating—it's all here, and not that many people can do it. That's with alternative energies and all that kind of stuff. So, if the funding is not there to seed that and to grow it, it goes slower.

The Vice-Chair (Mrs. Laura Albanese): We thank you for your presentation. Unfortunately, we're in overtime.

Dr. Franz Fink: Thank you very much.

Interjections.

The Vice-Chair (Mrs. Laura Albanese): The Emmy Award is quite a success.

ONTARIO TRUCKING ASSOCIATION

The Vice-Chair (Mrs. Laura Albanese): I would now invite the Ontario Trucking Association to come forward. Good afternoon. You will have 10 minutes for your presentation, which will be followed by up to five minutes of questioning.

Mr. David Bradley: Thank you. I'm David Bradley, president of OTA, and I'm joined by Doug Switzer, our VP, government relations. I don't have an Emmy with me today, but I think I deserve an award for coming down here the last 20 years, basically saying the same thing over and over again.

Mr. Charles Sousa: We're listening.

Mr. David Bradley: Actually, we're quite pleased to say that that is the case.

I want to start off by saying that trucking is one of the best leading indicators of economic activity that there is, so I have some cautiously optimistic news for you, compared to a year ago when we were here. There is a definite trend towards increased optimism in our industry, and we're usually six months ahead of the curve in terms of going down and going up in economic activity.

A year ago when we were here, 17% of carriers in Ontario, as represented by our membership, indicated that they were optimistic in their prospects for the industry. Today, for the first time—this is hot off the presses—in six quarters, in the industry, a majority of the players are now optimistic. It's a slim majority of 52% but it's a majority nonetheless.

It's clear to us that the economy touched bottom at some point in the third quarter of 2009, which is the positive news. However, we should inject a significant

degree of caution at this point. Things are extraordinarily fragile. When we look at the freight market and where freight is moving, our members would put, out of three—out of the Canadian economy, the Ontario economy and the US economy, Ontario would be number two in terms of how good they're feeling about things. But the US economy is still a great concern, and we're seeing that insofar that the traffic southbound is still the weak link in the economic recovery. Of course, in Ontario, our export-driven economy is linked to what happens in the United States. That's something that we're going to have to really keep an eye on. I'm not here to forecast a double dip. We hope that's not the case, but things are fragile.

In terms of our budget presentation this year, for a number of years now we've been here calling for the harmonization of the PST/MJVT and the GST. We're happy to see that moving forward, and we would simply encourage the Legislature to focus on making sure that that gets done. There is a lot of work still to be done in terms of the detail, and for companies, whether it's trucking or anyone else—but in ours, because it's complicated by the fact that we cross borders, the sooner we can see the detailed regulations, the interpretations of some of the tax law, that will enable our members to start changing their accounting systems, their computer systems, to be able to accommodate that. There isn't a whole lot of time between now and July, and there's going to be a lot of work to be done at a time when people's attentions are still focused, to a great extent, on trying to keep their businesses above water. The sooner we can get to that, the better.

I've talked to you in the last number of years about some of the developments in our industry with respect to our carbon footprint, some of the proven and already available devices and technologies to reduce our GHG output significantly. Certainly harmonization of the sales taxes will help in terms of spurring investment, no doubt about it, particularly as it pertains to the proven stuff. We need the capital markets and the credit markets to cooperate, and that's still tight. Notwithstanding, certainly the HST will be a help.

However, when it comes to some of the really exciting new technologies and alternative fuels, which people like to talk about a lot, the economics there are such that it's still going to require supplementary effort on top of the HST. It's going to require looking at things that are available for other sectors of the economy, quite frankly: super-accelerated capital cost allowances, looking at how alternative fuels are going to be taxed, if they're going to be taxed—like diesel fuel, for example. We don't think that for some of the alternative fuels, if we want to get those into the marketplace and have them be economical, you'll be able to do that in a time frame that would see a significant impact without some tax incentive in that regard.

Again, we're really here to make the pitch that at no time in our industry's history have our economic goals been so aligned with society's goals in terms of the environment and in terms of safety. There are a number

of technological advancements under way. What we should be trying to do is to accelerate the penetration of that equipment into the marketplace as quickly as possible, working hand in hand in a joint partnership and a joint initiative.

That's really it. I'd be happy to answer any questions. Thanks.

The Acting Chair (Mr. Kevin Daniel Flynn): Thank you. The questioning this time around goes to Michael.

Mr. Michael Prue: The question I have relates first of all to the HST. You said that you represent people in the trucking industry. How many in the trucking industry belong and how many are not members, first of all?

Mr. David Bradley: We represent about 75% of the total freight market. Our membership is trucking companies of all sizes, from every region, every specialty. We do have small, independent owner-operators in our membership, but we wouldn't have the lion's share of those people. Those would be the one man/one truck businesses. But I would argue that they will be among the chief beneficiaries of this because they will no longer have to administer three tax systems; they will administer one and they will get a tax credit on their business inputs. For them, going out to buy a truck is an extremely expensive proposition and it's something they have to finance as well. I think it's a boon for them as well.

Mr. Michael Prue: I'm just wondering about the independents. We've had people come forward from the construction industry, from the retail trades, people who work cleaning homes, saying that it's going to drive a lot of the economy underground. How much of the trucking industry will take cash and say, "You don't have to pay the tax"?

Mr. David Bradley: I don't see that occurring at all. Independents don't deal directly with the consumer, as in a renovation and that sort of thing. We don't have an underground economy the way you would have in that sector. Most independents operate through a trucking company. They will often buy into the company's insurance program and those sorts of things, and you can't do that if you're underground.

Mr. Michael Prue: So there's no underground economy there? Because everywhere there is—

Mr. David Bradley: No. Again, we're not dealing with the consumer. Transportation services—we'll have to see in the details, but the way it works under the GST is, if you're crossing a border and those sorts of things, the transportation service is zero rated.

Mr. Michael Prue: All right. In terms of the environmental impact—because this is also very interesting—has there been any government support for trucks becoming more environmentally friendly; that is, programs and rebates in order to either increase the energy efficiency of the truck or to make them environmentally friendly by using other commodities? I just saw on TV Canada's first—I can't even think of the name of it. It scrapes the ice.

1410

Mr. Wayne Arthurs: Zamboni.

Mr. David Bradley: Zamboni.

Mr. Michael Prue: Zamboni. It was using—

Mr. David Bradley: Yes, from Stratford, using animal fat.

Mr. Michael Prue: Yes, they're using animal fat and fish-and-chip oil. Is there any program like that for trucks?

Mr. David Bradley: The animal fat or—

Mr. Michael Prue: Anything like that.

Mr. David Bradley: Well, let me put it this way: You'd need a hell of a big distribution system of animal fat before we could use that for the kinds of trips that we take.

However, that's what biodiesel actually is. Now, there are some issues in terms of biodiesel for winter use and that sort of thing, which can be ironed out. But that's certainly one of the things that are being looked at and in fact being used in some circumstances now.

In terms of programming, there has been some. It has been on an ad hoc basis. The government of Canada has a couple of programs. But let's put it this way: The dollars aren't big and some of the requirements, I think, are overwhelming for small carriers in terms of the data that they are required to provide. They operate these under what are called freight demonstration projects. What we're arguing is that in terms of the stuff that's known and proved, you don't need to demonstrate it. You just need to get it out there.

Ontario has a very limited program that we understand is going to come to an end next fiscal year that focuses specifically on auxiliary power units. That's helpful and that's one of the things in our enviroTruck program that's important. But there are a host of other things as well. What we've come up with are concept vehicles, and we need to broaden that.

As the gentlemen before us said, there is obviously a return on investment if we can improve our fuel efficiency. But it takes time for that payback and you need to have the capital and the credit in the first place to make the investment, and that's in very short supply right now.

The Acting Chair (Mr. Kevin Daniel Flynn): Thank you, David, and thank you, Doug, for coming today. Our time has expired.

INCOME SECURITY ADVOCACY CENTRE

The Acting Chair (Mr. Kevin Daniel Flynn): Our next presenter this afternoon is the Income Security Advocacy Centre. If you'd like to come forward and make yourselves comfortable. Like all the other presenters we've heard from, you have up to 10 minutes to make your presentation. That will be followed by five minutes of questions, this time from the government side.

Ms. Mary Marrone: Good afternoon, everyone. My name is Mary Marrone. My colleague is Jennefer Laidley. We're both here on behalf of the Income Security Advocacy Centre.

We're a community legal clinic. We have a provincial mandate to improve the income security of low-income

people across the province, and we do that through test case litigation, through policy development and advocacy and through community development.

We report to a board of directors. Our board has representatives from low-income people, academics and legal experts around the province.

The context for this submission today is the economy. Whether or not we're still in a recession—and I know the economists are debating that—I think it's clear that there's no recovery yet on the jobs front, and we've lost 208,000 jobs in this province.

There are two challenges that are being faced by low-income people today. The first is the short term: surviving the recession, paying the rent, paying the mortgage, putting food on the table. The second challenge is the long term: developing the skills to participate in the recovery when it comes, and to be full beneficiaries of future economic growth. We think that both of these challenges need to be addressed in this budget.

We're guided by this province's poverty reduction strategy. There's a commitment to reduce child and family poverty by 25% by 2013. We're also guided by the Poverty Reduction Act, which, as you know, received all-party support last year, and by the Premier's statement recently, where he stated that we're "building an Ontario ... where our vulnerable benefit from the best public supports."

Our focus today is on income security programs that are available in Ontario. Unfortunately, the reality is that they do not meet the needs of the unemployed and of low-income people.

Employment insurance is currently available to 41% of the unemployed. That's according to a recent report by the Canadian Centre for Policy Alternatives. I think it's important that Ontario continue to advocate with other provinces and the federal government to make improvements to EI. But in the meantime, the challenge in this province is that more than 50% of the unemployed do not qualify for EI, and again, according to the Canadian Centre for Policy Alternatives, many of those currently on EI will be exhausting those benefits in this year. That leaves us with Ontario Works and the Ontario disability support program.

The problem with these programs is that they are not particularly effective in building towards economic growth and they're not aligned to the Poverty Reduction Act or poverty reduction policies. Incomes, particularly under Ontario Works, remain punishingly low. The rates are well below any recognized poverty line, including the Christopher Sarlo-Fraser Institute poverty line. As important, the ability to supplement those rates is hampered or absolutely prohibited by Ontario Works rules. You may know that if one starts to work while on Ontario Works, there's a 50% exemption on earnings. Any other income, loan or gift that is received in a family supported by Ontario Works can be deducted, dollar for dollar, from the monthly benefits. That just serves as a ceiling and a trap, with these very low rates.

In this submission, we're providing 13 recommendations; you have them before you. We've grouped them

into three themes. The first is our recommendations that we believe will help mitigate the impact of the recession, the second group is about preparing for the recovery and the third is about reducing child poverty. It's not a hard line between them—some of them will support more than one objective—but we wanted to organize them in some fashion for you. I'm not going to take you through all 13—we don't have time for that—but I am going to highlight a few.

I guess our first message to you today is first, do no harm. Please ensure you don't make cuts to current benefits and programs. Cuts are going to create unnecessary hardship, they will probably prolong the recovery and will create social deficits that will take decades to undo.

We have a number of recommendations around short-term changes that could be made to Ontario Works. We're bringing them to you today because they may have short-term budgetary implications, but we think they're good investments.

At the top of our list is increasing the asset limits and asset exemptions for Ontario Works. Right now a single person, to be eligible for Ontario Works, cannot have more than \$585 in the bank. We're suggesting to you that it's urgent that this be changed. As I said earlier, there are going to be people who are exhausting their EI benefits who are going to need some short-term income support. Requiring them to strip themselves of assets in order to qualify for any income support at all is counterproductive. It will mean that they will fall into a poverty trap that they're not going to get out of.

Our recommendation on the asset limits is to increase it from \$585 to \$5,000 for a single person and to \$9,000 for a family. This is supported by a number of groups, including TD Economics.

We're also recommending that RRSPs be exempt up to a maximum of \$60,000. The recent report on long-term economic growth confirms what I think we've already been talking about—the changing demographics and the shrinking of the working-aged population relative to the retired. Let's protect the RRSPs for when people are really going to need them.

To help mitigate some of the current Ontario Works program, we're recommending that the rules make it easier for families to support people on OW. Don't deduct dollar for dollar when someone's receiving help in the form of groceries from a family member. We've had situations where somebody's regularly getting those groceries and Ontario Works has assigned a value to that and deducted it from the monthly cheque.

There's this bizarre rule that only seems to apply in OW and nowhere else: that loans are counted as income. People who are making ends meet at the end of a month might have to borrow \$50 from a neighbour. The next month, they still owe the \$50, and now their cheque has been reduced by \$50. These are very small ways—they're not expensive changes but can do a lot to help people survive the recession.

Finally, this government has to address the adequacy of the incomes of people on OW and ODSP. There are a

number of different routes. The Put Food in the Budget campaign has recommended a \$100 increase. There have been discussions around a housing benefit that would go into the pockets of people on OW and ODSP. There have been discussions about income support that could be based on public health standards for the cost of living. It doesn't matter how you get there but we have to find a way of increasing the incomes of people on assistance.

Finally, as we're moving more toward tax-delivered benefits—in order to get them, people have to file their taxes—we ask that you provide support to tax clinics so that people do file those taxes, particularly with the HST credits, to make sure that low-income people get those dollars.

1420

For the long term, the government has appointed the Social Assistance Review Advisory Council. We'll be making recommendations in April for a full review of Ontario Works and ODSP. We're recommending that the budget ensure it has sufficient resources for that review to take place. It's going to be very important for that to be a meaningful exercise.

On child poverty, I'm sure you've heard before that there are some child care spaces that are at risk with the ending of the federal funding. Don't let the child care spaces get caught in an interjurisdictional fight with the federal government. If women are going to be in the workforce and get out of poverty, we have to protect child care in Ontario.

I'm going to stop there. Feel free to ask me any questions on any recommendations I haven't been able to get to.

The Vice-Chair (Mrs. Laura Albanese): Thank you for that. I'll turn it over to Mr. Arthurs.

Mr. Wayne Arthurs: I very much appreciate the presentation. I'm sorry, I didn't catch your name because I was busy thumbing through the submission as you were introducing yourself.

Ms. Mary Marrone: It's Mary Marrone.

Mr. Wayne Arthurs: Mary, sorry; I apologize. Often they're on the sheet beside us, and we didn't have a name. I was thumbing my way through and I got to the end, going, "I didn't even catch her name." So I apologize for that.

Just a couple of things. We've had a range of witnesses over our eight days of hearings now. Quite a number of them, as is not unusual, but particularly this year, have focused on income security, on support for the vulnerable, on poverty issues, on OW and ODSP issues. There's some fair consistency in regard to their presentations to us, some of which you've covered. I'm going to ask you more specifically about one or two of those. I think it's eminently reasonable in today's economy to start your presentation with a recommendation to do no harm. It's a very good starting point. I think almost everyone has acknowledged the economic climate we're in as well.

I'm particularly interested today, I must say, in the recommendations you have on what I'll call the lower or

no-cost kinds of items directly, such as the retention of a higher asset value before one is eligible for OW, the earnings provisions before clawback, the issues around loans—those items that are a little less specific than "How do we increase the rates for OW and ODSP?" which is always on the table, but more so those other elements that provide a window out when folks find that they have the need for a period of time. I think these kinds of things you're talking about also position people a little better for the time when they can move away from the need of OW, as an example.

Ms. Mary Marrone: Just to be clear, we don't offer those as an alternative to a rate increase.

Mr. Wayne Arthurs: No. My comments weren't intended to imply that either.

Ms. Mary Marrone: The second point is that we see these as short-term measures. Our hope is that the review that will be recommended by the council will set the stage for the long-term changes that are needed to better align these programs. But in the short term, these are the things that can be done quickly. I think the assets piece is particularly important. It's important to people who are on the programs now, because at the moment, if you are working and still in receipt of OW, the instant your bank account goes over \$585, you lose your eligibility. So we create a real trap with that very low eligibility level. It makes it impossible to save money and to start moving into a better place and out of OW—and permanently out of OW. What we want to stop is the cycling back and forth between low-paid, precarious work and back onto OW. You want people to be able to work their way out. If they are earning and can put away a nest egg, don't cut them off benefit supports when they've hit \$600. We think \$5,000 is a reasonable amount.

It's also important—and I think this makes it particularly urgent right now—for the people who are exhausting their EI benefits. You don't want to create a new group that's going to enter deep poverty. This could be a group that will just need some income support during the recovery process, until the jobs starts to reappear. Don't force them to strip whatever they've got down to zero and put them in the same trap the people currently on OW are in, and let them get back on their feet more quickly.

I know it has been argued that the costs may go up in that more people will be eligible for OW, but certainly many people have argued that they'll stay on it for a much shorter period of time if you let them keep that safety net.

The other issue is around casual gifts and loans. This kind of hits two points. I assume there's going to be some increase. If you can't find the money for the significant increase that's needed, at the very least, let people find other ways to survive. If families can help with some money, don't take it away by OW. That doesn't cost you any money.

It also reduces the surveillance. Right now, the only rule is, nothing beyond a casual gift or a small gift is allowed. It's undefined. It creates a climate of fear. We

heard a story of a mother who was afraid to go to a Christmas party during the poverty reduction consultations. She was afraid to take her kids to a community Christmas party because if her child got a gift, she was going to have to report it. She feared that her benefits might be reduced by that amount, and she couldn't afford it. Now, that probably wouldn't happen, but she thought it could, and it affects people's lives every day. I can give you an equal number of examples where similarly absurd situations have happened where, in fact, they have made the deduction.

I think these are easy ways to at least mitigate the impact of the current OW rules.

The Vice-Chair (Mrs. Laura Albanese): We thank you for that presentation. Unfortunately, the time has expired.

We will take a five-minute recess.

The committee recessed from 1428 to 1434.

The Vice-Chair (Mrs. Laura Albanese): The committee is reconvening.

COMMUNITY LIVING TORONTO

The Vice-Chair (Mrs. Laura Albanese): I'm calling on Community Living Toronto to come forward. Good afternoon. You will have 10 minutes for your presentation. That will be followed by five minutes of questioning. If you could please identify yourselves before you begin your presentation for the purposes of our recording Hansard.

Ms. Susan Seller: My name is Susan Seller, and I'm president of the board of directors of Community Living Toronto.

Mr. Bruce Rivers: I'm Bruce Rivers. I'm the CEO of Community Living Toronto.

The Vice-Chair (Mrs. Laura Albanese): Thank you. You may begin.

Ms. Susan Seller: Thank you very much for accepting our request to talk to you today.

For more than 60 years, Community Living Toronto has been a source of support for thousands of individuals who have an intellectual or developmental disability, and their families. Our association was formed in 1948 when a group of parents came together to find alternatives to placing their children in an institution. They formed what was then known as the Parents' Council for Retarded Children, and created the first community-based programs for children with a developmental disability. Still true to that grass-roots vision, we have grown into one of the largest associations of its kind in North America, supporting over 6,000 individuals and families in Toronto each year.

Our ever-changing and -adapting range of supports and services focuses on each individual's needs, goals and aptitudes and is reflected in our vision, which is that we change the lives of people with an intellectual disability by giving them a voice and supporting their choices where they live, learn, work and play. People

who have a developmental disability require some level of support their entire lives. At Community Living Toronto, we support individuals of all ages, from birth through to senior years. For some, basic living skills such as using the television, preparing meals, using public transport, or even bathing and dressing require support. For others, who have a more independent lifestyle, we provide employment training, home support and access to education. Whatever their needs, our association provides accessible, community-based supports and opportunities for people with a developmental disability to participate fully in our community.

As president of the board of Community Living Toronto, I represent the collective voice of our board and all who are part of our association: 6,000 individuals who are being supported with an intellectual disability, their families, a membership of almost 1,000, more than 900 volunteers and over 1,300 full-time and part-time staff. On behalf of all these groups, I would first like to applaud your government for your work in the developmental services sector. A few highlights of that:

In April 2009, we celebrated the closure of Ontario's three remaining institutions. Finally, every person with a developmental disability will live in the community alongside their family, their peers and their friends.

Second, the Legislature recently passed the Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act. For the first time in over 35 years, there is now new legislation protecting the rights of individuals to be included and respected and able to make choices in their lives. The act will transform the way services are delivered to people with a developmental disability and their families, basing support on what a person wants to do, where they want to live and what their goals and aspirations are. Finally, they will have the rights of every other person in Ontario.

The new Accessibility for Ontarians with Disabilities Act will remove invisible barriers and provide an opportunity for true accessibility for the thousands of people in Ontario who have a disability.

1440

Lastly, in 2007 the government provided an unprecedented \$200 million of new funding over four years to the developmental services sector, which helped to alleviate some of the pressure that the sector was facing, including retaining and attracting qualified staff. With the recent economic downturn, we worked with the government through the increasing community capacity initiative, which tasked the sector with serving more people and families with the same amount of dollars. In the Toronto region alone, over 1.9 million in base dollars were saved while serving more people. Clearly, when the government asks us to step up, we do so.

At Community Living Toronto, we do this by looking to innovative models of support, such as online resources and planning tools that help people and their families connect to services, to each other and to community-based opportunities. We encourage the government to

continue to work with developmental services to support and increase capacity for service through these cutting-edge models of support.

However, even with these considerable successes, much still needs to be done—things like ensuring that the sector has capacity to provide supports to those without service, with special emphasis on senior parents, who are still providing primary care to their adult children at home, to help them plan for the future.

Second, having a disability does not mean that you should live in poverty. Currently, 73% of people with an intellectual disability live in poverty, and the current Ontario disability support plan or ODSP perpetuates the cycle of poverty by making it difficult for people to meet their daily needs and build a better quality of life. It is important, through the ODSP process now under way, that our most vulnerable individuals are not penalized, but are given the opportunity to have adequate food, shelter and clothing. A comprehensive plan is needed to ensure people's basic well-being and to provide them with meaningful opportunities to contribute to society.

Finally, all Ontarians with a developmental disability should have access to the supports and services that they need and know that trained, qualified staff are there to help them meet their goals. We are asking the province to honour the final 40 cents of its four-year commitment, which will help us to continue to attract and retain staff and stabilize the sector.

In furtherance of that, we have partnered with the Ministry of Training, Colleges and Universities to create an extremely successful apprenticeship program. Current plans to professionalize the sector will encourage more people to choose developmental services as a career. It is partnerships like that that should be maintained to build a stronger, more responsive and stable not-for-profit service system.

Working together, we need to ensure that people who have a developmental disability receive the support that they need. In our view, we must build on the positive momentum created over the past years to establish real opportunities for people to live dignified lives as full citizens of Ontario.

Bruce will now tell you about one family at risk of slipping through the cracks.

Mr. Bruce Rivers: Thanks, Susan. Just to give a face to the need, I wanted to talk to you about a gentleman by the name of Joe. He's 38 years old and has Down's syndrome. He lives at home with his 88-year-old mother, Iris. She's a widow, there are no other children, and she's Joe's sole caregiver.

Joe attends one of our day programs Monday to Friday, where he learns basic skills and employment readiness. His mom, Iris, has arthritis. Due to the pain, she's not able to go out and about in the community—only on a scooter. Joe's at home with her, needing constant supervision. His verbal skills are very limited and his capacity to operate independently in the community is of major concern as well.

Just two situations of late that bring the need to mind: One is a call that we received from the hospital indicating

that Iris needed to stay in overnight and there was nobody to care for Joe. We provided respite in that emergency. A second call that came weeks later: After she had fallen at home, police attended to help out and she was refusing to leave because she was concerned there was nobody to care for her son.

That just brings to light some of the struggle that's out there, particularly with a group of parents that I wanted to highlight with you who sit on the wait-list. In Toronto, it's a wait-list of 2,300 individuals. The number of people who are over the age of 65 is startling. Five of the parents are over 90, 70 of them are over 80, and 178 are over 70 years old. We recently did a survey across the province, and we know that over 1,100 parents on a wait-list are over 70. All of that is to say that these people have really stepped forward to do what they could to support their children, but there will come a point, certainly in Iris's life, where she's going to need the support of government, the support of the state.

It's with that in mind that we need to address the plans that all of these families require, the support to plan when there are no other family members available to provide for their family member and also, as has been evidenced in other jurisdictions in the United States, the development of an emergency fund. We believe a 5% base would attend to this, because what happens when people like Joe come to our attention is, they take the top spot on the wait-list, and other people who have been waiting for service for years—up to seven years—just don't get there.

The Vice-Chair (Mrs. Laura Albanese): Thank you. I will now turn it over to Mr. Miller for questions.

Mr. Norm Miller: Thank you for your presentation. I note in your presentation that you say you have a waiting list of 2,300 people. Has that changed in the last three or four years?

Mr. Bruce Rivers: That's been quite consistent. It's been as high as 2,500. With the increasing-capacity initiative that Susan referred to, we were able to bring that down to some degree, but it has not addressed the real need. There are about 900 of those people on the list who are waiting for residential supports. The rest will be waiting for day and employment programs.

Mr. Norm Miller: What do you do with those people? Do you triage them somehow?

Mr. Bruce Rivers: We do. We provide them with triage support. We also, through our virtual community, ConnectABILITY, provide them with 24/7 information and tip sheets, but there's only so much that we can do in terms of the real need out there.

Mr. Norm Miller: Secondly, you talked about an apprenticeship program that you partner with the Ministry of Training, Colleges and Universities on. Has that been successful? Maybe explain that a little bit.

Mr. Bruce Rivers: It's been excellent. We've been able to internally recruit 15 additional people who are going to be attending college to receive their accreditation as a developmental services worker, a DSW. It's a whole move to professionalize and improve quality and

capacity through this partnership and making those training and educational experiences available with bur-saries.

Mr. Norm Miller: So they go to college, they do a specific program, and then they apprentice?

Mr. Bruce Rivers: And they work in our organiza-tion.

Mr. Norm Miller: Do they apprentice with a par-ticular person, then?

Mr. Bruce Rivers: They do.

Mr. Norm Miller: Is it one-to-one?

Mr. Bruce Rivers: It could be one-to-one. It could be in a group home with several people or in a program with a number of people.

Mr. Norm Miller: It's not specified. There's not a requirement—

Mr. Bruce Rivers: No, it's quite broad.

Mr. Norm Miller: Okay. Thank you very much.

Mr. Toby Barrett: Thank you for coming forward. We've had a number of presentations with respect to ODSP and poverty—have had, actually, for the five or six years that I've been on this committee—and the call to increase ODSP levels. You give some compelling statistics: the number of parents over the age of 70, 1,100 parents in Ontario over the age of 70 and what happens in the future.

You talk about facilitating life plans. I understand there are legal measures that can be made with respect to inheritance, passing on inheritance without the govern-ment grabbing it, I suppose. We've heard the call for being able to, if a person's working and they make a bit more money than the ODSP, bank that or to save that. I just wonder about that legal measure or the possibility over the years to build up something that could be put into an annuity, even though it's coming from ODSP, for example. Do you want to comment on that just to try and aid in this transition?

Ms. Susan Seller: Yes. The federal government has introduced the RDSP, the registered disability savings plan, with that objective. As you mention, there have been legal measures that have been available as a matter of estate planning for some years. But they are restric-tive; they are just working around the existing strictures of the program. I think our concern with reviewing and revitalizing ODSP is just ensuring that, quite apart from those tax planning opportunities, people aren't penalized for employment income, that they are assured a basic level of support. We want to encourage people to seek out employment opportunities. Everyone deserves that dignity of working for wage. The existing ODSP does not facilitate that in a meaningful way.

1450

Mr. Toby Barrett: So we have to make that less restrictive.

Ms. Susan Seller: Yes.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for your presentation.

ERINOAKKIDS CENTRE FOR TREATMENT AND DEVELOPMENT

The Vice-Chair (Mrs. Laura Albanese): We'll now call on ErinoakKids to come forward. Good afternoon. You will have 10 minutes for your presentation, and that will be followed by five minutes of questioning.

Ms. Judy Burns: Thank you very much. Good after-noon. My name is Judy Burns. I am the chair of the volunteer board of directors of ErinoakKids Centre for Treatment and Development. We're very pleased to be here today. Joining me is Dr. Gillian Hogan, who is the vice-president of medical services, and Pauline Eaton, who is the manager of our autism intervention services.

ErinoakKids has been an integral part of Ontario's health, education, developmental and social services sys-tems for over 40 years. We work in collaboration with the province's hospitals, schools and community services and are funded by the Ministry of Children and Youth Services.

As the only children's treatment centre serving the regions of Peel, Halton and Dufferin counties, every year we treat approximately 8,000 children with physical, developmental and/or communication challenges: chil-dren with autism, children who are hard of hearing or deaf and children who are blind or have low vision. We also provide critical supports to their families. Our clients range in age from birth to 19 years old, and our goal is to help each and every one reach their potential, supported by a full continuum of integrated, family-centred ser-vices.

We're here today to bring to the forefront the urgent need for sustainable funding to the children's treatment sector. Let me stress that we recognize the financial challenges the government is facing. However, we also recognize that as the government prepares the next prov-vincial budget, it will choose the services it deems to be priorities for investment.

Our clients are some of Ontario's most vulnerable children, and we want the government to make the needs of the children and youth we serve a priority. With the exception of autism services, over the past two years, our overall budget has been flatlined.

We are proud to note that with the funding en-hancements we have been provided with for our clients with autism, we have been successful in meeting and exceeding government's targets for increased capacity. This has been accomplished by working to deliver ser-vices in the most efficient and cost-effective manner, as we take seriously our responsibility to spend taxpayers' dollars prudently.

While this is the good news, over the same two-year period, the needs of children with other types of disa-bilities we serve—children, for example, with cerebral palsy, spina bifida, muscular dystrophy and speech and language delays—continue unabated in a resource-con-strained environment. Demand for our services continues to grow. Frustratingly, we are unable to keep pace with the needs of these children, children for whom early

intervention and treatment means the difference between a successful, independent life and one lived in isolation on the sidelines.

Let me tell you how early intervention can make a fundamental difference in a child's chances for success. A little boy, we'll call him Sam, was delivered early by emergency Caesarean section six and a half months into his mother's pregnancy. He spent the first 100 days of his life in a neonatal intensive care unit and required heart surgery. On admission to ErinoakKids, our developmental pediatrician confirmed a diagnosis of cerebral palsy. Sam could not get into a sitting position on his own, could not pick up objects and had no speech. Our therapy staff began working with Sam and his family. When he entered junior kindergarten last fall, he was able to walk with a walker and talk in sentences. He still could not use a spoon or hold a crayon, but through utilizing some special adaptive equipment, our therapists discovered that Sam can read and play advanced computer games. They are now starting to teach him to write. Sam will always have cerebral palsy, but his future looks bright. That's what therapy and hard work can accomplish: bright futures against the odds.

ErinoakKids provides services in two of only three areas in the province in which the child population is growing, namely the regions of Peel and Halton. As a result, demand for our services increases at a rate more than double that of the provincial average: 10% to 15% annually. Meeting that demand in a zero-based funding environment is an ongoing battle.

In an effort to maintain service levels, we have implemented a number of cost-cutting measures. These include:

- We have implemented alternate models of service that are less resource-intensive;
- We have increased the use of less costly therapy staff, including therapy assistants and other paraprofessionals;
- We have reduced travel costs by providing less in-home therapy;
- We have laid off staff;
- We have held vacant positions open; and
- We have imposed a wage freeze on our staff.

Despite these efforts, we continue to fall behind. The coping strategies we have used to date have a saturation point, which has now been reached. We have run out of band-aid solutions.

Since 2007, the average hours of direct service our clients receive has declined by 31%. Depending upon services required, average wait times range from six months to two years. We currently have more than 2,000 children on our wait-lists—an increase of 27% since 2007. The vast majority of these children have a physical or developmental disability or a significant speech-language delay that, if left untreated too long, will alter their ability to learn. Because government does not view us as part of the health care delivery system, our wait-lists have not comparatively been given the same priority or attention.

Having just completed budgetary planning for the next fiscal year, we are projecting a significant deficit. A deficit means that we will have to make further staff reductions. At ErinoakKids, this means that 750 fewer children will receive treatment this year. We need a modest investment to our base budget to maintain current levels of service and to begin to meet the growth needs of our community.

Let me hasten to add that the challenges that ErinoakKids faces are not unique to our centre. Children's treatment centres across the province are in the same boat. Through its provincial association, the CTC sector has requested an investment of \$9 million for its 21 centres, including ErinoakKids. While we do not know what our share of such an investment might be, our specific need is for \$3 million.

As I stated before, we understand the fiscal challenges that the current economic environment presents for government. However, if government chooses not to invest in our sector we will continue to see service levels decrease, the number of children waiting for services increase and the wait times get longer and longer. Most importantly, the harmful effects these factors will have on children with disabilities over the short, medium and long term are irreversible.

One of our graduates, who has a severe physical disability and received therapy services from ErinoakKids from the time he was a young child, sent us a note recently: "My therapy programs opened up my eyes to the world and made me realize that I am, after all, a human being ... living away from my family was something I could never have imagined ... with therapy, I learned how to live on my own and what I want. I am now in my final year of university and living in residence by myself."

We know that our children and young adults at ErinoakKids can attain success in life and reach their potential when they receive appropriate therapy and support. Each day, we see kids defy the odds, and increasingly, we find ourselves worrying about the children and youth of tomorrow who may not have the same opportunity to reach their potential if service levels at ErinoakKids continue to erode. We ask for your support for an investment in the health and welfare of children and youth with disabilities.

Thank you, and we look forward to your questions.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much. Mr. Prue?

Mr. Michael Prue: Yes, thank you. I'm trying to figure out how you are funded. Are you funded on a per case basis or are you funded on the basis of what the government thinks is the population of Halton, Peel and Dufferin?

Ms. Judy Burns: There's a variety of different ways that we're funded, actually. The way it actually happens is that there are sort of buckets of funding for each of the programs that we deliver. So there's a separate bucket of funding for autism and for each of the other services that

we deliver. I don't know; perhaps Pauline or Gillian, if you can maybe address that in a bit more detail.

Mr. Michael Prue: Perhaps I should explain why I'm asking the question. We had two groups yesterday, one dealing with Peel welfare and Peel agencies and the other from the regional council of Peel, both stating categorically that Peel is hugely underfunded because the government allocates money on the basis of a 10- or 15-year-old census of how many people live in Peel. I'm just wondering whether the same thing is affecting you.

Dr. Gillian Hogan: I can maybe take that. We know that the funding per capita for children in Peel—and particularly children in our sector, compared to other children's treatment centres—is actually the lowest in the province. Despite funding increases over the years for various portions of our programming, funding has not kept pace with the growth and the need for services in the region.

Mr. Michael Prue: And as you correctly point out, two regions, Peel and Halton, are the only ones that actually have an increase in the number of children in them. Every other jurisdiction literally—well, some of them maybe—

Dr. Gillian Hogan: There's one other, I think, that has it. Yes.

Mr. Michael Prue: Yes, there may be some of the far northern jurisdictions with First Nations communities that are experiencing child growth, but most of them are not.

Dr. Gillian Hogan: That's right.

Mr. Michael Prue: Yet we see a lot of problems in Peel. Should the government be changing the way they allocate funds, based on actual population, even if it has to be estimated, as opposed to whatever the census said it was 15 years ago?

Ms. Judy Burns: As a board—I would strongly advocate for looking at a different way to provide this funding, absolutely, as the population continues to grow—this is a very, very small segment of the population that we're talking about. First, it's children, and second, it's children with significant developmental, physical issues from birth. So, yes, we would advocate for that, absolutely.

Mr. Michael Prue: But I think it goes to everything. It goes to hospitals and schools and everything else.

Ms. Judy Burns: I would agree.

Mr. Michael Prue: When I hear about Peel, I hear about underfunding and underutilization of what is there.

Ms. Judy Burns: Yes. Absolutely.

Mr. Michael Prue: You require \$3 million or you're going to have to do a whole bunch of things you don't want to do. How many staff have you had to lay off in the past?

Dr. Gillian Hogan: Do you want to take that?

Ms. Judy Burns: Well, no, why don't you take—

Dr. Gillian Hogan: In the last fiscal year, 35.

Mr. Michael Prue: And they've not been hired back?

Dr. Gillian Hogan: No. In addition to that, we had unfilled maternity positions which, in the event that we

don't get increased funding this year, we will continue to have unfilled positions.

Mr. Michael Prue: You imposed a wage freeze. I would take it from that that this is not a unionized facility.

Dr. Gillian Hogan: That's right.

Mr. Michael Prue: Okay. Because if it was unionized, you'd have a very grave problem.

Dr. Gillian Hogan: Absolutely.

Mr. Michael Prue: Still time? Okay.

The Vice-Chair (Mrs. Laura Albanese): You have one minute.

Mr. Michael Prue: Good. Wow, lots of time today. Now, you've done other things as well. You've reduced travel costs; you've held vacant positions open. If you don't get the \$3 million, how many staff are going to have to be let go? I know there are 750 children involved, but you didn't tell us the number of staff.

Dr. Gillian Hogan: It will be approximately—well, if we take the unfilled positions, we're looking at 10 to 12. Plus, the remainder of our mitigation plan looks at another five to seven professional staff plus some administrative and support staff. It would be a substantial hit in terms of the loss of highly trained professionals, who are hard to recruit, so those positions are not easily filled again if you lose highly trained staff.

Mr. Michael Prue: Okay. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for your presentation. We'll take a five-minute recess.

The committee recessed from 1502 to 1515.

SHARE THE ROAD CYCLING COALITION

The Vice-Chair (Mrs. Laura Albanese): We are reconvened, and we welcome Share the Road Cycling Coalition. Good afternoon. You will have 10 minutes for your presentation.

Ms. Eleanor McMahon: Thank you. I've got my watch off, Madam Vice-Chair, because I tend to be verbose, so I'll promise to try and keep to that.

The Vice-Chair (Mrs. Laura Albanese): Please identify yourself before you begin.

Ms. Eleanor McMahon: My name is Eleanor McMahon, and I'm the founder and president of the Share the Road Cycling Coalition. I want to thank the committee for inviting me. I see a few friendly faces around the table, people I know. I feel very welcome, and thank you.

If you'll indulge me with a little bit of levity, Madam Chair, I've got a few funny slides at the beginning because it's winter—as anyone who is outside these days will notice—just by way of proof that people do cycle in the winter in places like Copenhagen, where there are more bikes than people. Here's a picture of what they call the "snow slinger." I don't know if it's easy to see in your copy, but it's a gizmo that rids the cycling lanes of snow and debris during the wintertime. Of course, the second slide will show you what happens as a result. If

we build it, they will come, and if they plough it, we will use it. That's the message of those first two slides.

I'm going to breeze through much of this. Oh, my co-presenter has arrived. I'll introduce her while she's getting her coat off, if I could, Madam Chair. Diane Freeman, who is my co-presenter, is a councillor from the city of Waterloo and a member of the board of the Association of Municipalities of Ontario. Because of a lot of the work that we do with municipalities, I asked Diane if she would be here. She also chaired the Ontario Bike Summit host committee, which we hosted in the city of Waterloo in the fall. She brings to the table a wealth of knowledge and information and is happy to take questions from you. I'd like to welcome her. She just arrived from Waterloo. Thank you, Diane, for coming.

An overview, then, of who we are: I'm going to talk about the benefits of cycling, what the snapshot of the current picture in Ontario looks like and a suggestion that we'd like to leave with the committee, called the Ontario bicycling investment fund.

We had a tragic beginning to our work, members of the committee: I lost my husband. He was an OPP sergeant. He was riding his bike just north of our home in Milton, and he was killed in June 2006. Since that loss, I've spent the last couple of years working with a very dedicated group on my board to see what we could do in Ontario to change the laws to make our province safer for cycling, and that work has driven us to where we are today.

When we started out, of course, we wanted to spend some time doing research, and we have done that extensively in Canada. Certainly, I've travelled to virtually every province in this country. I've travelled to the United States and to Europe and attended many conferences, including a global cycling conference last year. We launched in 2008. I mentioned the Ontario Bike Summit; we held that earlier this fall, and I am going to talk about that. I have included a few slides for just a summary of some of our partners—you will recognize many of the logos in there—and, of course, our vision, which is to make Ontario the most bicycle-friendly place in the world.

Why cycling, then, and why am I here to talk about cycling? Because there's growing recognition that cycling really does tackle a number of these issues of interest and concern to all of us in society. This will not surprise you, but it's really the "how" that matters, and that's what I want to talk about next.

The next slide talks about the economic benefits of cycling not being fully understood. This is a bit of research from Cycling England. Cycling is not viewed as a mainstream mode of transportation. Why? Because those economic benefits are not fully understood. The consequence of that has been a systematic underinvestment. In fact, as you know, cycling investments have lagged corresponding investment in motorized transportation. Consequently, we have an unbikeable and unlikeable landscape.

The next page outlines a bit of the research and what we do know. While we need more investment in cycling-related research, we do know these things. Motorized transportation contributes to 20% of greenhouse gas emissions. The OECD report talked about, just in the metro Toronto area alone, congestion contributing to \$3.3 billion in lost productivity. Of course, of great concern to everyone is the recent Stats Canada health measures survey: 61% of Canadians are overweight or obese; and a growing number of our children, 26% of them between the ages of six and 11, are overweight or obese. So again, it's a major area of interest and concern. The OECD report contributes to that.

1520

While I could talk a lot about what I've seen around the world, I really want to focus on the United States, and that's why I've spent the next couple of slides doing that. Wherever I travel and talk to Canadian politicians, they're often fond of saying—and it's quite true—that Canada's not going to become Holland tomorrow—or Copenhagen, for that matter, where there are more bikes than people, as I noted. Realistically speaking, if we even look at what the United States is doing, it's rather significant. The US is poised to invest \$5 billion—that's with a "B"—in cycling-related infrastructure and investments in 2010.

I list a number of the acts in the United States, the legislative constructs that really have facilitated that investment. As you can see, this is just a very slim number of them. But in the US, they are way ahead of Canada, and certainly Ontario can learn from these examples in terms of their investments and the legislative pieces that they have. You'll see these kinds of legislative pieces in cycling-friendly jurisdictions right around the world.

I know this is a federal example, but individual states are taking action as well. I note that Texas has spent \$250 million in investments in Safe Routes to School alone, so that's a notable example.

I make the argument on the next slide for the SAFETEA legislation, as they call it—the Safe, Accountable, Flexible, Efficient Transportation Equity Act—that's a long name. But what it really does is set out the changing transportation needs. Ontario needs legislation like this. Of course I will take this up with our minister, but certainly when we start to look at this legislation and the pieces that are working in the United States, it's quite compelling.

The quote from the US transportation secretary, Ray LaHood, I heard personally because I was at the National Bike Summit in Washington last year. I think it's an example of the kind of leadership that the United States is undertaking in terms of their infrastructure, education and awareness programs.

The next slide really speaks to a Canadian snapshot of what's happening in Quebec and BC, two notable provinces in Canada that have embraced cycling. In Quebec, the government launched the Route verte in 2007. If any of you haven't been there, I encourage you to do so. That

was a \$200-million investment through municipalities. The return on investment for that has been \$130 million a year. It's paid for itself already, as you can probably guess—a significant investment. We are interested in looking at a tourism initiative similar to this in Ontario, so stay tuned for that. It just shows you that in Quebec, there's \$130 million per year on a \$200-million investment—and Bike BC, which was a \$31-million fund created by the province of British Columbia to which municipalities can apply. Those are significant examples.

On Ontario now, the government estimates: I just had a look at MTO, and really, the road user safety program alone—\$105 million; policy and planning—\$1.1 billion. Why do I point that out? Because active transportation is not quantified in terms of how much is spent. I can tell you that from the little bit I know, it's not significant in comparison to the amount that we spend in other areas of transportation. So there's a need for a more balanced approach, I think, in line with the province's climate change objectives. Of course, I mentioned the obesity and the healthy piece earlier. We think that would be absolutely in keeping with that.

Last September, when we had our bike summit and just prior to it, actually, we wanted to take an attitude survey. So we went out and did an omnibus poll and we said, "Why don't you cycle?" Ontarians told us, in the vast majority, that they don't because they're worried about their safety. That wouldn't surprise you, but it's important, we thought, to quantify. "Not enough bike routes" was the second most popular response. Of course, people rode bikes as children and they don't ride them now. Why is that? We thought that was compelling in terms of quantifying the attitudes toward cycling, and all of that is fixable. If people are too afraid, then through enhanced investments in infrastructure and education, we can close that gap.

We then drilled down to a larger survey. We asked organizations and stakeholders right across the province—some notable ones: AMO, the OPPI, our advocacy list, which is about 600, and we went to the Ontario Provincial Police and asked them for their provincial traffic enforcement list. We asked people to tell us what are the barriers, the opportunities, and, more specifically, what role should the provincial government play in terms of active transportation and, more pointedly, cycling in Ontario? Top-level concerns:

- lack of infrastructure funding;
- the perceived lack of safety is front and centre;
- correspondingly, a need for awareness and education; and
- not enough resources dedicated to policy and infrastructure etc.

If we group those together, it comes down to four broad-stroke areas for discussion. Funding for infrastructure was the top of those we polled, and Diane can actually speak to that in the municipality of Waterloo. They're doing great things for cycling there, but they certainly could use some more funding for infrastructure, education programs, public awareness and promotion,

enhanced legislation and safety for cyclists. All of these are really what the priorities are. They represent the four priority action areas that we discussed extensively at the Ontario Bike Summit.

Interestingly, we had representatives of the four parties at that summit: we had a political panel. Elizabeth Witmer was there, and notably, Minister Bradley came. We also had Minister Milloy with us and a representative from the Green Party; the NDP were there as well. So really, what we talked about was these four priority action areas and what needs to be done.

We will soon release a green paper on active transportation which will get more to the point in terms of where the government should be focusing, but in the meantime, if we look at the outcome of where this is all headed—and because this is the finance and economic affairs committee, it's time we talked about money. So, getting down to it.

The Bicycle Trade Association of Canada—

The Vice-Chair (Mrs. Laura Albanese): If you could please be as concise as possible. Your time is up.

Ms. Eleanor McMahon: I will—okay. I'll just tell you what we're looking for, then.

Mr. Wayne Arthurs: If the deputation would like more time, we'll certainly cede question time so they can complete their presentation.

Ms. Eleanor McMahon: That's very kind. Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Go ahead.

Ms. Eleanor McMahon: The Bicycle Trade Association of Canada, which is the association that represents the bike dealers and the manufacturers in this country, does a survey of their members and correspondingly looked at what the application of the HST—heretofore it was not applied to bikes or bike parts and accessories, and it will be as of July. That provincial component represents \$20 million. What we're asking you to do and we're asking the province to think about is an investment in what we're calling the Ontario bicycling investment fund of \$20 million.

While BC and Quebec have invested significantly more, we think that this is a very good beginning. It would level the playing field in our country and it would certainly take us a long way towards reaping some of the benefits that I talked about earlier with respect to tourism, lower health costs and safer and more livable communities.

Our public policy work that we did and will release shortly in terms of the green paper will serve as a perfect road map, we think, and guidance to government and all parties in the Legislature on where these priorities should be for investment. Of course, we are continuing to work very closely with AMO and other partners.

An inspiring quote closes my presentation. It's from the deputy mayor of Seville at the European Parliament, when I attended the Brussels world cycling conference, and that really ends our presentation.

I think that's the fastest I've ever spoken in my life. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for that presentation.

Ms. Eleanor McMahon: Thank you for extending our time.

The Vice-Chair (Mrs. Laura Albanese): This round of questioning will go to Mr. Arthurs.

Mr. Wayne Arthurs: I appreciate the presentation. You noted three areas during the course of the presentation where funding could be applied or is being applied by other jurisdictions: infrastructure, safety and awareness.

Ms. Eleanor McMahon: Yes.

Mr. Wayne Arthurs: At the end of your presentation you made reference to that as well in the context of the \$20 million, but I was listening as fast as I could. Do you want to take just a minute or so and speak to the three components? I think most traditionally, we probably think here about investment in cycling at this point, investment in infrastructure and all that kind of thing, but there's not enough thinking about the investment on the safety and awareness side. So in the bit of time that's left, if you could just note that particular area.

Ms. Eleanor McMahon: Sure. Thank you for the question. I think what I've learned in travelling internationally is that this is not a silver-bullet solution. Lines on the road are important, but equally important are safety, education and awareness.

When Paris launched their Vélib program, which is the bike-sharing program that's now going to be launched in Toronto this year—and Montreal has a very successful one—they found that they had to do a significant amount of marketing, education and awareness from the perspectives of both motorists and cyclists. I think we need those kinds of investments, and that's why, again, it's not just about lines on the road; it's about these other pieces that really create the kind of bicycling culture that's going to get people back on their bikes.

The data that we did showed that a significant number of Ontarians—I think it's 70%—actually own a bike, but it sits in the garage. If any of us do a tour of our neighbourhood we can see those bikes hanging up. Most people don't use them, which means their children aren't cycling, which means we have a greater contribution to obesity in kids. I think it's a crime—and I'm sure you'd all agree—that we have a growing epidemic of obesity in our kids because we haven't invested in cycling education like we used to in our school system, which is a topic for another day, but is another area where investment needs to be considered.

1530

I can't be as prescriptive as I'd like with the time that's allowed to talk to you about where those investments should occur. But I can tell you that I think, in keeping with where the province needs to go on a pan-Canadian basis and in keeping with our climate change objectives, even if we align ourselves with our partners to the south, they have made significant investments, as you can see, in cycling, and I think it's time we started to think about the same. I hope that helps.

Mr. Wayne Arthurs: How's our time, Chair?

The Vice-Chair (Mrs. Laura Albanese): Forty-five seconds.

Mr. Wayne Arthurs: In the 45 seconds, then, how do you see the delivery of safety or awareness programs? I'm not aware of a structure in place that would readily deliver to the population that kind of information—or is it there?

Interjection.

Ms. Eleanor McMahon: Diane is mentioning it, and she's right. There are two things that come to mind. We have significant public health infrastructure on a regional basis in this province that I think is a good place to begin. I think the education system is a good place to begin with our children. There is no question on the driver's exam right now for motorists learning to drive to do with raising awareness. We're working to get that updated. It's in the process of happening now.

I certainly think there's a tremendous amount of room for more education and awareness programs through existing forums, like the Ontario Association of Chiefs of Police. They do a tremendous amount of work in terms of drinking and driving.

If we look at successful models for change behaviour and education, like smoking cessation and the drinking-and-driving model, there are really great models there. We don't need to reinvent the wheel—pardon the pun.

The Vice-Chair (Mrs. Laura Albanese): Thank you. That's over a minute now.

Mr. Wayne Arthurs: Capitalize on existing—

Ms. Eleanor McMahon: Yes, capitalize on existing resources.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for your presentation and for appearing before our committee this afternoon.

Ms. Eleanor McMahon: We appreciate it. Thank you.

TORONTO BOARD OF TRADE

The Vice-Chair (Mrs. Laura Albanese): I now call on the Toronto Board of Trade to come forward. Good afternoon. You will have 10 minutes for your presentation. That will be followed by up to five minutes of questioning.

Ms. Carol Wilding: Great. Thank you. I think you've all got a copy—

The Vice-Chair (Mrs. Laura Albanese): If you could please identify yourself before you begin.

Ms. Carol Wilding: Yes. My name is Carol Wilding. I'm the president and CEO of the Toronto Board of Trade. With me today is our director of policy, Brian Zeiler-Kligman. Let me first say that we thank the committee for the opportunity to speak before you today.

Just to reiterate: The Toronto Board of Trade, which was founded in 1845, is Canada's largest local chamber of commerce, with more than 10,000 members and representing over 200,000 business professionals throughout the Toronto region.

We are about fuelling the economic, social and cultural vitality of the entire Toronto region, and we do that through fostering collaborations amongst stakeholders, being business, government, thought leaders and community builders, in order to elevate both the quality of life and global competitiveness of Canada's largest urban centre.

As everyone is well aware, the 2010 budget will likely prove to be a difficult and a challenging one. More so than the rest of the country, Ontario has felt and continues to feel the impact of the recent global recession.

Yet, like Canada as a whole and our largest trading partners, Ontario now appears to be on the road to economic recovery. Following four consecutive quarterly declines, the Ministry of Finance recently reported that the third quarter of 2009 finally saw some positive GDP growth.

But it is a fragile recovery. To strengthen it, policy needs to be focused on building on this positive momentum through strong private-sector growth and job creation.

At the same time, we face a historic budget deficit. To ensure we do not overly burden future generations of Ontarians, it's also important that this budget begin to lay the foundation for moving the province out of deficit—clearly a challenging balance to achieve.

In this context, the board, through our consultations with our members, believes the 2010 budget should focus on three goals: first, move forward with key commitments made in the 2009 budget that will help to improve Ontario's global competitiveness; second, build on last year's measures with a strategy for economic recovery that focuses on the greater Toronto region, Ontario's economic driver; and third, lay the foundation for returning Ontario's budget to balance and long-term sustainability.

I will address each of these in a bit more detail, and they're certainly found in much more detail in our submission.

To provide some context for our recommendations, the board regularly consults with its members to determine their policy priorities. As applicable to all levels of government, our members have identified four top advocacy priorities for 2010:

(1) regional transportation: getting newly funded transit projects built and moving forward on Metrolinx's investment strategy;

(2) innovation and access to capital: positioning the greater Toronto region as a leading centre for innovation by improving access to capital;

(3) livability and human capital: improving the integration of skilled immigrants into the economy and increasing investments in training and post-secondary education; and

(4) municipal performance: improving the performance of municipal governments.

The finance minister indicated last year, when he presented the 2009 budget, that the best thing the government can do to steer the province toward an economic

recovery is to improve Ontario's business climate, and the board could not agree more with this perspective.

The 2009 budget contained numerous bold measures to improve Ontario's global competitiveness. These measures are ones for which the board has long advocated. We believe it is essential for the government to follow through on these commitments to help strengthen the nascent economic recovery.

Specifically, the board is a long-standing advocate of a harmonized sales tax. We applaud the government for committing to this important reform. It is one of the most important policy measures the province can take to strengthen Ontario's global competitiveness and potential for economic growth.

There are numerous groups, including economists, social activists and academics, that stand with the board in supporting the HST. The economic support for this move speaks for itself—namely, the removal of nearly \$4.5 billion annually in hidden sales taxes, the reduction of compliance costs for business by an estimated \$500 million annually, the creation of nearly 600,000 jobs over the next 10 years, an increase of \$47 billion in business investment over the next 10 years, reduced prices for consumers and increased competitiveness for Ontario businesses.

The board also encourages the province to move forward with the planned reductions in corporate income tax rates as well as the plan to eliminate the small business surtax and the corporate tax rate for small businesses.

As a result of these measures, Ontario will move from having the third-highest general corporate tax rate amongst Canadian provinces in 2008 to having the second most competitive rate by 2014. These are significant reforms that position the Ontario economy for growth and prosperity into the future.

Of course, there are more than just taxation measures from the 2009 budget that the board wants to ensure get enacted. These include important infrastructure investments, particularly in our transit and transportation structure; investments in education and training, such as the plan to launch all-day kindergarten this September; investments in the green economy, such as the emerging technologies fund; earmarking funds for the purchase of emerging green technologies; and the measures taken to help our most vulnerable citizens.

As Ontario's economic driver, the economic development of the greater Toronto region is critical to the growth and success of Ontario as a whole. For Toronto's economy to fully take root, it will need to be led by growth in the greater Toronto region. For this reason, the board recommends that the 2010 budget contain a number of measures to strengthen the greater Toronto region's economy.

Investing in the greater Toronto region's transportation system is the single most important measure that can be taken to boost the GTR's economic development. Simply put, Metrolinx's regional transportation plan must

get built for Toronto region's future growth and prosperity.

Metrolinx may not be legally obligated to present its investment strategy until June 2013, but that does not mean that the province, through Metrolinx, should be delaying the important public debate that needs to take place on how we are going to fund the plan.

The board believes that Metrolinx's investment strategy must also be in a position to be implemented by 2013. Around the world, such as in Stockholm and the state of Oregon, pilot projects and voluntary programs have been undertaken to gauge whether particular initiatives are appropriate in their particular jurisdiction. The board believes a similar approach should be pursued by Metrolinx.

In addition, the lack of a critical mass of capital available to support new businesses at the early stages of development and throughout all stages of growth is hindering our ability to create high-skilled jobs and globally competitive firms. This particular issue has risen to prominence with the global credit crunch in 2008-09 but has been a long-standing one for Ontario companies. Solutions need to be found, particularly for small and medium-sized businesses.

In our submission, the board has provided some further guidance on this topic. As a start, the board encourages the province to look at Israel's success in growing its venture capital industry. In this context, the Green Energy Act provides a promising foundation on which the province can build.

There's not enough time to outline the various additional measures that the board recommends that the province pursue in the 2010 budget, but they include:

- implementing key recommendations from the Greater Toronto Region Economic Summit, such as a single economic marketing agency for the greater Toronto region that would attract funding from all three levels of government;
- investing in post-secondary education;
- addressing competitiveness and inequities in business property taxation.

1540

Finally, budget 2010 needs to begin to lay out how Ontario will return to sustainable, balanced budgets. In consultations with our members, the board believes the two primary expenditure drivers in the Ontario budget—health care, and public sector wages and benefits—need to be part of this equation.

Our health care system is a cherished asset and a traditional source of competitive advantage, but it is on pace to consume more than 50% of available revenues within the next five years. That level of spending will crowd out our ability to invest in other priorities like education and infrastructure expansion. To help constrain our health care costs, the board encourages the province to pursue greater preventive health care strategies. These have been shown to improve health outcomes for individuals and to reduce costs overall. At the same time, the province needs to review the health care system in

dialogue with the public on how to ensure high-quality, yet affordable, care.

With respect to public sector wages and benefits, the board urges the province to examine private sector trends when negotiating and setting pay rates and increases for public sector jobs.

In summary, budget 2010 needs to strike a balance between measures to strengthen the economic recovery and reforms to bring long-term sustainability to the province's finances. As always, the board of trade looks forward to working with the province towards our shared goal of a stronger, more prosperous and more competitive Toronto and Ontario. Thank you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. This will be turned over to Mr. Shurman for questions.

Mr. Peter Shurman: It's good to see you again, Ms. Wilding. Sorry, sir, I didn't get your name.

Mr. Brian Zeiler-Kligman: Brian Zeiler-Kligman.

Mr. Peter Shurman: It's good to see you too. Good presentation. I'd like to focus on a couple of your key points and get you to expand a little bit on them. We've been at this for eight days, and we've had a steady stream of people in here. A lot of it's repetitive; a lot of it's rather interesting. Organized labour, very particularly, and social groups are very strong on job creation, much like you, but they have a different view of how you do it: Very particularly, forget about deficit reduction; it's last. Let's spend as much money as we can to put job creation first. In fact, the Ontario Federation of Labour—you may have noticed the advertising campaign going lately: a lot of radio commercials, television commercials saying "jobs, jobs, jobs; tell McGuinty it's jobs." So I think we can agree that we need jobs in the province. The question is how we do it. Let me get your reaction.

Ms. Carol Wilding: I think we've outlined a couple of pieces in here. I would say jobs at any cost is not something that the board of trade or our members would certainly support. There have to be the right jobs in particular sectors at affordable prices. I think on the green piece, the green economy, we've talked about some of the elements there and some opportunities to begin to advance on that, to increase our competitiveness. Those are particular areas. Even within the HST, as we move forward on that, in terms of what that will allow around investments and unfolding, that's another way in which we'll look at some of the job creation pieces.

Metrolinx, in particular, moving forward on a lot of those—they're going to both create short-term and create the right environment for longer term. So some of them are direct, some of them are more indirect. But those would be, I think, the key elements that are reflected in here, both implicit and explicit, from a job creation standpoint.

Mr. Peter Shurman: On the Metrolinx piece, and I see how strong you are on that, it's interesting to watch the current mayoralty campaign in the city of Toronto, where there are proponents of pursuing a strong Transit City strategy, if I can use Mayor Miller's term, and

others who are saying, “Whoa, let’s put the brakes on and see what we can do.” Why is this so primary to you? It sounds to me like you’re ready to see us put a fair amount of money in it right now, in budget 2010.

Ms. Carol Wilding: No secret, the board of trade has been a long and loud supporter of Metrolinx and a regional transportation plan. It’s a regional issue, it needs a regional solution, and we think Metrolinx is the right venue for that. So Transit City is within the context of Metrolinx, in which we’d look at it.

If you look at any economy and its foundation, it’s got to be on the basis of a strong foundational infrastructure network. Toronto doesn’t have it. We’ve been suffering from that for a long period of time. We need to advance on it. I think the case is made in terms of what congestion costs us and costs our economy. There are varying numbers out there and we’ve seen recent information even from OECD. So I think the case is made very strongly. I probably don’t need to make it here for you. It’s a matter of getting on with it. That is why, from our perspective, advancing the discussion in terms of the \$40-billion gap that needs to be funded is a critical discussion that we’d like to accelerate and, if possible, begin the discussion, at a minimum, now and certainly accelerate the presentation of that strategy before 2013.

Mr. Peter Shurman: You’ve also talked about access to capital, and you’re not the first organization to do that. We had the venture capital people in here the other day. They tell us that in the last year, Ontario has dropped by 50% over the prior year the use of venture capital coming from outside sources, people willing to invest here versus, say, Quebec, where there was a net gain—small, but a net gain. The expenditures in the Ontario venture capital fund really cover nothing more than set-up and legal fees. So we’re wanting there. How can we address this issue? What would you instruct government on, with regard to getting people into the region who have venture capital and want to invest?

Ms. Carol Wilding: In the last year we spent quite a bit of time and have put together a task force. Outside of here, I would certainly welcome the opportunity to share more in depth and work with the province on that. I think we’re in the beginning of looking at some of their recommendations.

From a government perspective, certainly picking the winners or losers is not the business that you want to be in. That risk should be more in the private sector.

In particular, our submission speaks to a piece out of Israel, in terms of a venture capital model. We’ve done a deeper dive there on some of the public policy elements that are around that. Brian can tell you a little bit more about that now, because he in particular has done a lot of the work on it. That’s one example that has surfaced from our task force, in terms of that.

It is a critical issue. We hear this continually from our members, particularly small and medium-sized, who are going elsewhere to get that money, and they’re getting returns or funding 10 times what they’re going—

Mr. Peter Shurman: We heard it an hour ago from a fabulous technical company.

Ms. Carol Wilding: We don’t need to tell you the problem. This is one particular case study that we’ve done that’s in here—

The Vice-Chair (Mrs. Laura Albanese): I’m sorry, but the time has expired, so there won’t be any time for that, unfortunately.

Mr. Peter Shurman: Thank you very much.

Ms. Carol Wilding: We’ll come back.

The Vice-Chair (Mrs. Laura Albanese): Thank you.

COLLEGES ONTARIO

The Vice-Chair (Mrs. Laura Albanese): I now call on Colleges Ontario to come forward for their presentation. You will have 10 minutes for your presentation and that will be followed by up to five minutes of questioning.

Ms. Linda Franklin: Thank you very much. I’m Linda Franklin. With me is Marsha Josephs from Colleges Ontario. We are the advocacy and trade association for the 24 public colleges.

I know about five colleges have spoken to you folks already. Hopefully, we will try not to be terribly repetitive and to provide you with some overarching context for some of their concerns and ours.

We know folks have a real challenge in this budget. It’s probably one of the most challenging budgets we’ve faced as a province, and you will have lots of competing interests around the budget dollars.

We, of course, are here to advocate that you retain a long-held focus on post-secondary education, and colleges in particular. If we’re asked why, I think it’s easy. In our view, and I think in the view of more and more economists and leaders, higher education is really the only sustained route to prosperity for any economy, and it’s certainly true in Ontario.

A lot of you, I know, are highly engaged with your local colleges, so you know our numbers as well as we do. Ninety per cent of college graduates find jobs six months after graduation; 93% of employers are pleased with their grads. Even in a recession—in the last two recessions—those job numbers for students graduating from colleges stay in the mid- to high 80s. So even in bad economic times we’re able to find students jobs.

Earlier this afternoon I was at the release of Dr. Rick Miner’s report, *People Without Jobs, Jobs Without People*. It was highlighted in the *Globe and Mail* today. Some of you were able to attend that session with us. I think that report for the first time puts a very clear spotlight on the ongoing need to invest in post-secondary education. I’d recommend it to any of you who are able to get a hold of it. It’s on our website.

For the first time it puts together two trends that we’ve talked about for a very long time: the demographics that aren’t with us, going forward—yes, we have a need to create jobs today, but down the road we will have a crying need for trained people to take the jobs that are

available. It puts it together with the challenge we face from the fact that we have a growing number of people—or will have, over the years—who don't have the education and training they need to take up these jobs, because they require higher and higher levels of skills.

The Kitchener-Waterloo area is a good microcosm of the start of that right now, where you have lots and lots of high-tech, high-skilled jobs available and in some cases, folks who don't have the training in their local communities to take up those jobs. That is going to be the future of our province in the coming years unless we have a really clear and compelling focus on post-secondary education and training.

1550

The report says that over the next few years, we will need about 75% of the population trained past high school with some post-secondary credential. But if our current trends continue, only 64% of our Ontario workforce will have those kinds of credentials. It means that beyond what the normal unemployment level looks like in the province, about another 700,000 people will be unemployed—well over one million people who are not only unemployed, they will be unemployable because they will not have the skills they need to take up jobs in the knowledge economy. Against that backdrop, we'll have about one million jobs going begging because we don't have qualified workers to take them up. So the unemployment crisis in the years ahead will be far more severe than our challenges right now, during the recession, if our current trends continue.

We believe that post-secondary education—and colleges in particular—is critical to helping Ontarians get the training and retraining they need, because part of this is about the current workforce and retraining those folks for new jobs as they come up. We live in a new world, a world that is demanding higher and higher levels of expertise and skills.

The good news, I think, coming out of today and generally, is that Ontario is already ahead of the game. We've invested a lot in post-secondary education. We've made it a focus for government. Because of that, we're in a leadership position, but the rest of the world is running to catch up with us. Folks, just in the last few weeks, we've had a delegation from the Tanzanian government here who asked Canadian college leaders to come and set up community colleges in Tanzania. One of the reasons for that is that they just recently had an opportunity where Intel came to Tanzania looking to set up shop there, looking to build factories there, and at the end of the day withdrew because they knew they couldn't produce the skilled workers they needed to work in that factory. So the rest of the world gets this now, where they haven't in a long time. They realize that there are labour shortages coming where there have always been surpluses and they are running to catch up with Ontario. We need to keep that leadership position and we need to keep moving forward and ahead.

Colleges have the vision for higher education and I think the timing is right. We're at the end of the Reach-

ing Higher program; we're looking at what the next vision might look like. We think it involves a number of things.

Increased mobility for our students through credit transfer and credential recognition: Our biggest growth area in community colleges is from university grads coming to college for applied training. There's a lot of mobility back and forth, but in Ontario today, it is mobility that takes too long, is too difficult, puts many students off and sends a whole lot of our young people to Australia and the US looking to finish their credentials. That shouldn't be happening.

We need better access to post-secondary education. We have done a good job on access for the last few years, but that need continues. We still have lots of under-represented populations that will, again, be permanently unemployable unless we find new ways to get them into post-secondary. Attach to that better retention outcomes: It's great to get them into post-secondary, but if we can't graduate these students, we haven't really done them much of a service.

All of those things need to be done. In addition, looking at our labour market needs, we need to think long and hard about aligning our post-secondary training far better with the needs of the transforming economy than we have in the past. All of these outcomes are achievable, but it needs a lot of focus and a lot of vision.

I want to talk to you for a moment about the importance of the credit transfer and credential recognition piece. I'm sure you've all heard from students and parents in your local communities—some of you may even have had your own experience with this—where students are forced to repeat courses that they've already completed because there isn't a good credit transfer system between colleges and universities and, in some cases, between universities and universities and colleges and colleges. It puts a financial strain on students, their parents and the system.

We have just released a fairly major report that basically says that if you had a really great, robust credit transfer system in Ontario the way we have in British Columbia, in California, in Florida or in other places, we would save students and their families between \$26,000 and \$50,000 in the cost of their education, depending on whether or not they live at home or in residence. Ultimately, you would drive GDP \$100 million higher and growing because students would be out of school faster, contributing to the workforce and paying taxes earlier. So that credential recognition piece is critical to us.

We are seeing growing demand for college educations. College enrolment was up 7% in 2009. It was up 5.5% the year before. The latest update, today's update, of students who are applying to college for the coming year in September shows that for students coming directly from high school, their application levels are up 8%; non-direct applicants—so those who have been in the workforce and are coming back for more education—are up 20%. These are huge numbers in our system—unprecedented large numbers. We think the numbers will

change a bit over the course of the next few months, but it's a trend that we think will continue for the next several years.

We all expect enrolments in post-secondary education to increase during a recession. I think that's intuitive, but the past few recessions have taught us that what tends to happen is, these numbers shoot up during the recession but when the recession is over, they level out at the higher rate. So these numbers we're seeing in community colleges today will be there whatever happens over the next few years. And we really need to embrace that and support it, because that, ultimately, is the solution to the labour-market challenges that Dr. Miner is reporting—more students in post-secondary, and better graduation outcomes.

We also need to support the local nature of our community colleges. Another report, just recently done by Alan King at Queen's, shows us that, unlike university students, college students are very tied to their local communities. They often won't chase the program of choice across Ontario; they will apply to a whole lot of different programs in their local college so that they can be educated close to home. This is a very compelling argument for local resourcing of community colleges, because otherwise lots of underrepresented groups, in particular from all sorts of socio-economic backgrounds, wouldn't have the chance of higher education because they need it close to home.

The Vice-Chair (Mrs. Laura Albanese): One minute left.

Ms. Linda Franklin: Thank you.

Mr. Michael Prue: I will cede my time, if necessary.

The Vice-Chair (Mrs. Laura Albanese): Okay.

Ms. Linda Franklin: Thanks so much.

In last year's provincial budget, growth in the college system was covered in end-of-year money. It was critical; it was very welcome, but our biggest challenge is that if we keep building growth into end-of-year money and not into our base budgets, eventually we will be trying to fund student growth with—the kind of student enrolment numbers we have now, we'll be working with about \$1,800 a student instead of about \$4,000 a student. The economics of that won't work, and the only real control that colleges have over their budgets, at the end of the day, is through managing their growth. So, either we find a way to cover the cost of growth so that students can get engaged more and more or we won't be able to keep accepting them, which would mean, tragically, that an awful lot of qualified students won't get access to post-secondary education because we won't be able to afford to take them in.

We know that there are lots of fiscal challenges facing the province, and we are prepared to work hard as colleges to find savings, to eat inflation, but the growth piece we need help with, because that's something we cannot manage. So we're asking for \$163 million to address enrolment pressures. The only other thing we're asking for in our budget submission is about \$12 million to support our e-learning network. We think this is the

other big way to help students in the future. That e-learning network is growing like Topsy. It's doing brilliantly and it's finding more and more ways for colleges to work efficiently together to deliver education.

Those are our key requests of this budget cycle. We, also, in our funding submission, have a whole lot of ideas for you about how to save money because we think it's critical to come to the table with an offer of some savings; so we've done that. I recommend to you that paper, which presents it in detail. We think these are strategic and important investments. At the end of our submission it gives you a whole litany of the wonderful things that will result if we just keep investing in post-secondary education. The bottom line is that by investing in post-secondary education today we have the best chance we can have of producing a robust economy that is welcoming of everybody who wants work and has the skills to take it on. Ultimately, that is the best way, in our view, to drive long-term prosperity and to make sure that our economy produces good jobs for people who are well-qualified to take them. Thank you very much for your time.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much for appearing before the committee this afternoon. Mr. Prue, there are about three minutes for questions.

Mr. Michael Prue: Three minutes, okay. From listening to you, I think the number one problem is that you have not been able to manage growth.

Ms. Linda Franklin: Right.

Mr. Michael Prue: And that what you really need is a commitment from the government not just to increase the funds this year, but a long-term commitment to say, "As the colleges continue to grow, as the population grows, as the enrolment grows, so will the funding that goes with it."

Ms. Linda Franklin: That's a much better summary than mine.

Mr. Michael Prue: Okay. For this year, it's going to cost \$163 million?

Ms. Linda Franklin: Correct.

Mr. Michael Prue: What percentage is that of the total college budget?

Ms. Linda Franklin: I don't know the answer to that. I can go back and tell you, though.

Mr. Michael Prue: The reason I'm asking that is, I haven't heard anybody talk to the colleges or universities, but I have heard and I have read in the newspapers what the government is saying to hospitals. They're telling them 0%, 1% or 2%. Have they told you anything like that?

Ms. Linda Franklin: We haven't heard yet any number from the government.

Mr. Michael Prue: I just want to make sure that \$163 million—what percentage that is. Because if that's 5%—

Ms. Linda Franklin: I can promise you, it's well more than 2%.

Mr. Michael Prue: It's well more than 2%. So in order for this to work, you need well more than 2%, which is the maximum that hospitals are going to get.

Ms. Linda Franklin: Right.

Mr. Michael Prue: The second thing: You talked about making sure that students can move seamlessly from college to university or vice versa. British Columbia has done this. American jurisdictions have done this. How much, if any, would this cost the government? I don't think this would cost a dime.

Ms. Linda Franklin: No. There would be some money probably in the initial curriculum development, jointly, and in some of those things, but it is a very low-cost solution. You're right: Over time, it virtually costs nothing as the system unfolds. In fact, it would cause huge cost savings with an initial investment.

Mr. Michael Prue: I have spoken to many college students who go on to university who are very frustrated. Literally, some of them have to start over again.

Ms. Linda Franklin: Absolutely.

Mr. Michael Prue: This would alleviate much of that, I would take it. At least some of the curriculum that they studied would be valuable.

Ms. Linda Franklin: Absolutely. The other thing it would stop—right now, as I say, we send a lot of our students to Australia and the US. Frankly, some of the time, we don't get them back.

Mr. Michael Prue: So they go where the curriculum is recognized and where what they've studied is recognized. Okay. I didn't realize they didn't come back, but I guess that's to be understood.

Ms. Linda Franklin: You go to Australia, you meet somebody that you marry, and you're done.

Mr. Michael Prue: Okay. I don't think that had much to do with the school.

The Vice-Chair (Mrs. Laura Albanese): Thirty seconds.

Mr. Michael Prue: Is that it?

The Vice-Chair (Mrs. Laura Albanese): No, 30 seconds.

Mr. Michael Prue: Okay. You also said that this puts a financial strain on students, their parents and the system. We could shorten up the school and the expectation and put them back to work sooner. I take it that's the—

Ms. Linda Franklin: Absolutely. That's the message.

Mr. Michael Prue: That's the message. Okay, thank you very much.

The Vice-Chair (Mrs. Laura Albanese): And thank you very much for your presentation.

Ms. Linda Franklin: Thank you.

Mr. John O'Toole: Point of order.

The Vice-Chair (Mrs. Laura Albanese): Yes, Mr. O'Toole?

Mr. John O'Toole: I'm wondering if you mentioned anything—or was it mentioned? The success of the Second Career, and it's over-subscribed—was anything said about that? I know it's one of the problems in our constituency offices.

The Vice-Chair (Mrs. Laura Albanese): It has been mentioned in different presentations.

Mr. John O'Toole: Okay. As long as I got it on the record, because I feel that responsibility.

The Vice-Chair (Mrs. Laura Albanese): No problem.

Thank you very much. We are adjourned.

The committee adjourned at 1602.

Continued from back cover

ErinoakKids Centre for Treatment and Development.....	F-1489
Ms. Judy Burns	
Dr. Gillian Hogan	
Share the Road Cycling Coalition.....	F-1491
Ms. Eleanor McMahon	
Toronto Board of Trade	F-1494
Ms. Carol Wilding	
Mr. Brian Zeiler-Kligman	
Colleges Ontario.....	F-1497
Ms. Linda Franklin	

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Mr. Larry Johnston, research officer,

Legislative Research Service

CONTENTS

Wednesday 3 February 2010

Pre-budget consultations.....	F-1447
City of Owen Sound.....	F-1447
Ms. Ruth Lovell Stanners	
Mr. Jim Harrold	
Ontario Convenience Stores Association.....	F-1449
Mr. Dave Bryans	
Conceivable Dreams	F-1452
Ms. Joanne Horibe	
Advocacy Centre for Tenants Ontario	F-1454
Mr. Kenn Hale	
Certified Management Accountants of Ontario	F-1456
Mr. Merv Hillier	
Ontario Coalition for Better Child Care	F-1459
Ms. Andrea Calver	
Ms. Rosemary White	
Seneca College of Applied Arts and Technology	F-1460
Mr. David Agnew	
Social Planning Toronto.....	F-1462
Mr. John Campey	
Wilfrid Laurier University	F-1465
Dr. Max Blouw	
National Citizens Coalition.....	F-1467
Mr. Peter Coleman	
Nortel Retirees and former employees Protection Canada.....	F-1469
Mr. Donald Sproule	
Mr. Ron Olsen	
Canadian Paraplegic Association Ontario.....	F-1472
Ms. Lynda Staples	
Spirits Canada	F-1473
Mr. Jan Westcott	
Canadian Cancer Society, Ontario division	F-1475
Ms. Kathleen Perchaluk	
Ms. Rowena Pinto	
Ontario Road Builders' Association	F-1478
Ms. Karen Renkema	
Mr. Alfredo Maggio	
Gennum Corp.	F-1480
Dr. Franz Fink	
Mr. Bruce Hannah	
Ontario Trucking Association	F-1483
Mr. David Bradley	
Income Security Advocacy Centre.....	F-1484
Ms. Mary Marrone	
Community Living Toronto	F-1487
Ms. Susan Seller	
Mr. Bruce Rivers	

Continued on inside back cover