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**Official Report
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(Hansard)**

Thursday 7 June 2012

**Journal
des débats
(Hansard)**

Jeudi 7 juin 2012

**Standing Committee on
Finance and Economic Affairs**

**Strong Action for Ontario Act
(Budget Measures), 2012**

**Comité permanent des finances
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**Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)**

Chair: Bob Delaney
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Thursday 7 June 2012

Jeudi 7 juin 2012

The committee met at 0900 in room 151.

**STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012
LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)**

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Bob Delaney): Good morning and welcome back. We're here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

MR. ROB HOWARTH

The Chair (Mr. Bob Delaney): Our first presentation this morning will be Rob Howarth. Good morning.

Mr. Rob Howarth: Good morning.

The Chair (Mr. Bob Delaney): Everybody's fresh, rested, ready for you. You'll have 10 minutes to make your deputation this morning, followed by up to five minutes of questions. The questions this rotation will come to you from the side of the opposition. Please state your name for Hansard and begin.

Mr. Rob Howarth: My name is Rob Howarth.

Thank you very much for the opportunity of speaking with you this morning regarding Bill 55. In reviewing the bill, it appears to me that the overall intention of this legislation is to address the fiscal realities facing our province, primarily through setting reduced spending targets.

I feel this approach is moving our province in the wrong direction. I believe that the single most important issue facing our society at this time is the growing levels of economic inequality in our communities and the resulting impact this is having on our economy, our health and our overall quality of life for all Ontarians, rich and poor alike.

In 1976 in Ontario, the average earned income of the richest 10% of families raising children was 27 times as great as that of the poorest 10%. By 2004, that gap had grown to 75 times, and it is bigger today, I believe. The

after-tax gap between families at the bottom and the top of our economy was eight times in 1976. Today that has grown to more than 11 times' difference.

This increase in economic inequality results in increased social problems. Numerous epidemiological studies and related research comparing the outcomes among rich countries have consistently demonstrated that the following social conditions worsen as levels of economic inequality increase: We see increased low birth weights; increased incidence of mental illness; increased drug use, homicide rates, incarceration rates and infant mortality rates; increased experience of violence for children; increased levels of obesity; decreased levels of educational performance; and increased teenage births.

This data and analysis are summarized in the book by Richard Wilkinson and Kate Pickett titled *The Spirit Level*. This book stresses that these worsening conditions affect everyone in more unequal societies, not just those at the bottom of the economic ladder.

I just want to read one quote from their research: "Across whole populations, rates of mental illness are five times higher in the most unequal compared to the least unequal societies. Similarly, in more unequal societies, people are five times as likely to be imprisoned, six times as likely to be clinically obese, and murder rates may be many times higher. The reason why these differences are so big is, quite simply, because the effects of inequality are not confined just to the least well-off; instead, they affect the vast majority of the population."

I believe that Bill 55 is taking us in the wrong direction not only in terms of the well-being of our communities, but even from a narrower economic perspective. Our increased economic inequality results in increased social problems and these, in turn, cost us a lot of money to address in our health care and criminal justice systems.

As the government's Commission on the Reform of Ontario's Public Services report highlighted, one of the most pressing concerns for our provincial budget is the need to bend the cost curve of rising health care expenses. But I would submit to you that our health care costs will never be sustainable and contained unless we reverse these trends of growing economic inequality.

To take just one cost factor of growing inequality, the remedial costs of poverty related to health care are substantial. A 2008 report from the Ontario Association of Food Banks estimated that poverty-induced costs related to health care have an annual public cost of \$2.8

billion. This estimate, which has likely grown more extreme today, represents close to 4% of our province's entire health care spending in 2010.

The opportunity costs, in terms of lost productivity due to poverty, are even greater than these costs to our health system. We simply cannot afford to shoulder the costs of rising income inequality in our province. These trends must be reversed if we are to have any hope of getting our fiscal house in order. The province has some excellent legislation in place to achieve these goals, including your poverty reduction strategy, which needs to be advanced more rigorously.

I think, as well, in the wake of the tragic shooting in downtown Toronto of a few days ago, along with the disturbing rise in shootings across many neighbourhoods, it would be advisable to return to the robust analysis and key recommendations of your 2008 landmark study on the Review of the Roots of Youth Violence.

But these recommendations and commitments regarding addressing the roots of youth violence and poverty reduction require substantial public investment to be realized, and Bill 55 seems to be going in the opposite direction by reducing our capacity for such investment.

In this regard, I would propose the following specific amendments to Bill 55 that could begin to move us in a better direction. Regarding schedule 67, the Taxpayer Protection Act, which would be amended to allow for the corporate rate of taxation to not decrease, I would propose that you make a larger exemption which says that any tax changes which intend to decrease income inequality in Ontario should be exempt from this legislation.

Further, I would urge the government to undertake a study which looks at how reforms to our tax system could be used to reduce the large gap between those with the lowest incomes in Ontario and those with the highest. This study could also identify how we might raise the revenues required to advance the province's poverty reduction plan and other critical investments in public services, including affordable housing and child care, that would reduce income inequality significantly in our province.

Regarding schedule 20, the Financial Administration Act, the amendments allow for new regulations about how reporting should occur. One kind of reporting that occurs now for public entities is the sunshine list. I believe a more meaningful reporting would talk about income inequality within public entities and show how it could be reduced. So it might be interesting to do some research to determine exactly how income differences within public organizations could be calculated and reported on, and also how we could highlight organizations and practices that are successful in narrowing extreme levels of income inequality in these organizations. Thank you very much for listening to and considering my comments today.

The Chair (Mr. Bob Delaney): And thank you. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very kindly, Chair, and thank you, Mr. Howarth, for your presentation.

When you talk about, on the last page, the second paragraph, "substantial public investments to be realized," can you be more specific about in which areas? I know you generalized a little bit at the end, but can you be more specific about where public investment should be and to what end?

Mr. Rob Howarth: I will try. I'm not an expert in the area. I think, as I understand it, that some of the investments that would have the most long-range impact on productivity in our economy and the well-being of community members who are at the lower end of the economic scale, two of the largest things, would be affordable child care and expanding that significantly, and affordable housing. Obviously, income supports as well in terms of ODSP and OW would need to be raised.

In terms of the review of the youth violence, I can't go into the details of that but there's a lot of investment in communities in terms of youth programs, mentorship and opportunities around employment that are critical.

I think those would be significant pieces to move forward, but they do take investment.

Mr. Victor Fedeli: Can you also talk about schedule 67, the Taxpayer Protection Act, the act that keeps the tax rate at 11.5% rather than the reduction to 11% and, further, to 10%? Can you talk about the impact of that, in your opinion?

Mr. Rob Howarth: Well, I think it can be shown that the resources available to the province have dropped dramatically through reduced corporate taxation rates and individual income tax rates. I do believe there are a whole range of tools that could be used in the tax system to both tax the bads that we don't want happening and encourage more positive activities in our economy. It would be very nice just to abolish the Taxpayer Protection Act altogether in terms of restrictions on trying to figure out what would work well. But there are all sorts of opportunities in terms of increased corporate tax rates or marginal tax rates—which used to be, in the 1940s and 1950s, about 80% in Ontario—and taxing other things like capital gains as if it were income. There are a whole bunch of initiatives that could be worked into this proposal in terms of looking at revenue possibilities. To the extent that the Taxpayer Protection Act restricts consideration of that, I think it's very detrimental to the province scoping out a positive path forward.

Mr. Victor Fedeli: You do appreciate that it's our contention that lower taxes create jobs and, therefore, that's how we would tighten the gap.

Mr. Rob Howarth: Yes, yes, and I think if that was true, we would be drowning in jobs right now.

Mr. Victor Fedeli: We're looking forward to the opportunity to form a government to put our policy into practice.

Mr. Rob Howarth: Well, I think we've had the lower tax policy for about 30 years now and it's not working.

Mr. Victor Fedeli: Then I would contend that we'll leave it at that, as I think about the 600,000 in Ontario that are out of work today.

The Chair (Mr. Bob Delaney): Thank you very much, and also for coming in so nice and early to start us off.

0910

ECOJUSTICE

The Chair (Mr. Bob Delaney): Our next presentation is from Ecojustice and the Canadian Environmental Law Association: Anastasia Lintner. Make yourself comfortable.

Ms. Anastasia Lintner: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes for your presentation this morning, followed by up to five minutes of questioning. This time the question rotation will come from the NDP. Please state your name for Hansard and continue.

Ms. Anastasia Lintner: My name is Dr. Anastasia Lintner. I am an economist and staff lawyer with Ecojustice Canada. Thank you very much for the opportunity to speak to Bill 55, the proposed Strong Action for Ontario Act budget measures implementation.

Ecojustice Canada is Canada's premier non-profit organization providing free legal and scientific services to protect and restore the environment and human health. With our four offices in three provinces, Ecojustice's legal counsel and subject matter experts work on the leading environmental issues across the country, both in law reform and at every level of court. Ecojustice has long been working to promote law reform on various issues, including species protection that's needed, sustainable forestry operations, protected areas, water conservation and efficient use of our public lands.

We often partner with the Canadian Environmental Law Association in developing joint recommendations regarding proposed legislation. Unfortunately, due to scheduling challenges, Ecojustice and the Canadian Environmental Law Association were not able to appear together before you today. My remarks are built on legal analysis that has been done by both organizations and that was publicly released in April 2012, but my remarks today reflect Ecojustice's perspective only. I anticipate that the Canadian Environmental Law Association will submit written submissions to you separately.

You should have received a seven-page, double-sided document with a summary of our proposed priority amendments for Bill 55. In the introduction, which starts on the bottom of page 1, our organization makes two arguments for why the schedules related to species protection, which is 19, sustainable forest operations, which is 15, protected areas, which is 58, lakes and rivers protection, which is 34, and public lands, which is 59, should be withdrawn for now.

You may not be surprised, knowing that I'm a lawyer, that I will also provide reasons why, if you're not persuaded they should be withdrawn, there are some priority amendments that we recommend.

The first argument for why these amendments should be withdrawn is that under the Environmental Bill of Rights there is an opportunity for the public to participate

in decision-making that the government is doing regarding the environment. An exemption in the Environmental Bill of Rights for budget implementation legislation presumes that there will be no significant environmental impacts. We have reason to be concerned that there are possibilities that there will be environmental impacts as a result of this legislation, and we recommend that those schedules be withdrawn.

Our second argument is that omnibus budget bills must have a clear link to the specific budget commitment that is made, in order to be a proper forum before the Legislature. The commitment to transform the Ministry of Natural Resources' operations was intended to be without impacting their ability to achieve environmental goals and responsibilities. We have reason to believe that many of the proposed amendments to the environmental statutes could reduce the ministry's ability to achieve the legislated environmental purposes. For this reason we recommend that those schedules be withdrawn.

In the alternative, we have offered eight priority proposed amendments that give specific language and are in the order in which we think they should be addressed. In particular, the first one, schedule 19, section 5, proposes to amend the Endangered Species Act, section 18. Under the current framework, this section allows instruments under other pieces of legislation to perform as permits under the endangered species legislation, and the proposed amendments would remove a requirement that the Minister of Natural Resources consider a statement with respect to how the species should recover and eliminate existing preconditions that also exist for permits to ensure that any impact of that instrument, that permit, under another piece of legislation would actually promote benefits to the species overall.

Only non-compliance with that specific instrument, which would not necessarily be connected to species protection at all, or some other conditions in regulations which have to be implemented at a future date would bring an instrument holder into account for violations of the Endangered Species Act. This is not in keeping with the purpose of the legislation and not in keeping with the commitment to protect species while seeking fiscal efficiencies. For this reason, we recommend that schedule 19, section 5, be struck in its entirety.

I have focused my remarks on that specific one, and I offer to you the additional proposed specific amendments. As I stated, we are concerned that all of the proposed amendments to environmental legislation have the potential to cause significant environmental impacts and are not being given the degree of scrutiny that they would under the Environmental Bill of Rights. We would prefer to have those problematic schedules—15, 19, 34, 58 and 59—removed from Bill 55 for now. Failing that, we are also providing for your consideration the specific priority proposed amendments.

I have presented to you the most problematic one in our opinion. We urge you to ensure that prospective fiscal efficiencies do not compromise our environmental responsibilities and our legislative goals. Subject to your questions, those are my submissions.

The Chair (Mr. Bob Delaney): Thank you very much. The questions this time will come from Mr. Prue.

Mr. Michael Prue: Thank you very much. The issues you have raised have been around for a couple of weeks. There have been repeated questions in the House to the ministers about this budget item, and there has been general denial from Liberal ministers that the environment is going to be affected in any way as a result. Do you have any comment on that? I think I agree with you: I'm very nervous about what's here.

Ms. Anastasia Lintner: In keeping with the specific concern around these other instruments, our concern is, in part because to our understanding, this new way of approaching species protection hasn't been applied. So any assessment as to how you might achieve administrative savings within the ministry and still achieve the goal of species protection—I don't think we have enough information to decide if that change will ensure that species are still protected.

The framework was set up so that if there was going to be ministerial approval to go outside of the prohibition, there would be checks in place to ensure that species are protected. If those checks are being removed without enough information about that potential impact and the potential savings, then we think that it's premature to do it.

Mr. Michael Prue: There seems to be, not just here in Ontario but even the Canadian government, a wholesale move to move away from environmental protection. We have an omnibus bill in Ottawa. We've got this omnibus finance bill here in Ontario. What does your group and what do other environmental groups think of the future of environmental protection if we go down this road?

Ms. Anastasia Lintner: Ecojustice is deeply concerned about the rollback federally of our environmental protection legislation and the way in which it has been approached, in what we believe is a very undemocratic way. In Ontario, we appreciate that there are lots of great ideas about how we can ensure our environmental responsibilities are met and do it in the most fiscally responsible way. We are hoping that, in this particular case, any of the amendments that go through really keep that in mind. We're much more hopeful at this forum than we are federally that that message will be heard.

0920

Mr. Michael Prue: You've got a number of proposed amendments here.

Do any of them cost money? This is always something we have to look at. This is the finance committee, after all—

Ms. Anastasia Lintner: Of course.

Mr. Michael Prue: —and we're running a \$15-billion deficit. Do any of these cost money, or would the elimination of some of them and the addition of others be more or less revenue-neutral?

Ms. Anastasia Lintner: If you look overall at how the Ministry of Natural Resources is approaching the problem of trying to find those efficiencies and not risk the environmental goals, what we're seeking is that you

really focus on the ones that might risk the environmental responsibilities. There are other ones that are opening up opportunities to use new tools to bring in the revenues, such as under the Crown Forest Sustainability Act, bringing in fees that would raise revenues in order to allow that program to be effective—

The Chair (Mr. Bob Delaney): And on that thought, I'm going to have to stop you there.

Ms. Anastasia Lintner: Okay, thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation this morning.

THUNDER BAY HEALTH COALITION

The Chair (Mr. Bob Delaney): We should have available by teleconference the Thunder Bay Health Coalition. Suzanne Pulice and Sara Williamson, are you there?

Ms. Sara Williamson: Yes, we're here.

The Chair (Mr. Bob Delaney): Good morning, and a virtual welcome to the Standing Committee on Finance and Economic Affairs, which is meeting to consider the budget bill in sunny Toronto. You'll have 10 minutes to make your deputation, followed by up to five minutes of questioning. This round of questioning will come from the government side. Please begin by stating your name or names for Hansard and then commence with your presentation.

Ms. Sara Williamson: Good morning. My name is Sara Williamson. Suzanne Pulice and I are co-chairs of the Thunder Bay Health Coalition.

The copy of our submission that you have is really a draft. The good copy will be sent after this call.

Mr. Chair and members of the Standing Committee on Finance and Economic Affairs for Bill 55, we welcome the opportunity to bring observations and recommendations from Thunder Bay for your serious consideration, with the common goal that all of us purport: a truly public health care system in Ontario, sustained by a fair tax system.

The Thunder Bay Health Coalition is a public advocacy, non-partisan organization. It is a coalition of community groups, individuals and unions who are committed to maintaining and enhancing our publicly funded, publicly administered health care system. We work to honour and strengthen the principles of the Canada Health Act and medicare. We work closely with the Ontario Health Coalition.

In northwestern Ontario, life is harsh. A lot of people are on low income, there are high rates of chronic diseases and people die sooner. Nevertheless, and maybe because of that, citizens want a budget that pays for public health care. The support for public medicare remains strong, and the public health care model is sustainable. Ontario's health spending is almost the lowest in the country. There's room for growth to address the urgent care needs of Ontarians. The real problem is on the revenue side, due to prolonged and some of the deepest tax cuts in the country. We really wonder why

Mr. McGuinty doesn't look at revenue options to meet health care needs and balance the budget.

There are two significant tax loopholes in the employer health tax, which, if closed, would generate \$2.4 billion per year to alleviate the cost pressures on the health system. One loophole is the exemption on the first \$400,000 of employers' payrolls; the other is the exemption on incomes of the self-employed and partnerships.

Another aspect to consider is the privatization of health services. It's costing us more. Our health dollars are paying for profits to private investors. Also, privatization reduces transparency and the accountability of the health services. It happens in home care, long-term care, diagnostic labs, diagnostic imaging clinics and physiotherapy, to name the most common areas here.

It's encouraged by legislation, regulations and funding formulae, so we're shocked that Mr. McGuinty has attached to Bill 55 a schedule 28, Government Services Act, which has little to do with the budget. It gives the government in power authority, without checks and balances, to privatize all kinds of functions under ministries, including the Ministry of Health and hospitals. Even OHIP's functions could be contracted to a company in the United States or India.

This part of the legislation is too broad and unconditional. It lacks guiding social policy principles. If members of this committee believe in the importance of schedule 28, then withdraw it from Bill 55 and let it be debated on its merits. If you don't believe it's good legislation, then certainly make an amendment to have it withdrawn.

I'm going to pass it over to Suzanne now to talk more specifically about the health issue.

Ms. Suzanne Pulice: Ontario's budget decisions have a significant human cost for the situation in Thunder Bay and home care. Any funding increase to home care is very welcome. An increase is necessary; because of more referrals from hospitals, a high intensity of service is required. Patients require more care. The Home First philosophy and Aging at Home are a drastic change, so transitioning a system costs more money. Compensating home care staff at the level recognized for hospital workers costs more money. Equipment costs more. The ministry must be prepared to put more than 4% into home care and take off the 2% wage freeze on home care workers. In the hospitals, it would be madness to believe that during the transitioning years the increase in home care funding can be balanced by cutting funding to hospitals. The hospitals will need as much money as ever for at least several years.

Thunder Bay Regional Health Sciences Centre said it could stay within a 1% cap on increases to spending and still provide the needed acute care to 2016 and 2017. However, the Thunder Bay Regional Health Sciences Centre is being given only a 0.2% increase. How fast will funding mitigation corridors respond to prevent drastic cuts? Already, the Thunder Bay Regional Health Sciences Centre is carrying a deficit. Eight surgical beds were closed for nine days in March 2012 to save costs.

During this time, up to 16 patients lay in the emergency department waiting for a bed for an average of 22 hours but sometimes several days. In fact, the average wait to be admitted in northwestern Ontario is 28.8 hours. Many of these people are frail elderly. On most days at least 8% of acute beds are occupied by ALC patients. The percentage of ALC days in northwestern Ontario for the first quarter is 18.78%, which fails the provincial target by about 200%. Although the Thunder Bay Regional Health Sciences Centre says a 1% budget increase is enough to cover acute care, it is not enough to cover alternate-level-of-care—ALC—beds and an emergency department that is substituting for a primary care shortage in the community. Northwestern Ontario has the highest unscheduled emergency department visit rate in Ontario, at 209 per 1,000 population.

Primary care gap: Northwestern Ontario has the highest per capita unattached adult patients, 13.2% versus 7% provincially. Residents report the lowest rates in the province for access to a medical doctor and consultation with a medical doctor. Sixty-three per cent of northwestern Ontario unattached patients who registered with HealthConnect were still without a health provider as of December 2011. Without access to a family physician, people with diabetes—and we have the highest rates of diabetes in Ontario—end up at the emergency department and often need hospitalization. Oxycodone addiction is huge here. Without access to a physician, the people who have become addicted to oxycodone cannot be treated appropriately. Surely a better funding formula is needed to recruit and retain primary care professionals in underserved areas.

Long-term care homes: We have concerns that the health and long-term care envelope does not recognize the ongoing need for quality long-term care homes. For many, home care is not a solution. Families are struggling at home to organize 24-7 care for a family member who also really needs to be cared for in a long-term-care home. Besides, in northwestern Ontario we have a greater proportion of seniors who live alone: 32.1% versus 25.7% provincially. Over 10% of our senior population has dementia. The construction of the Centre of Excellence for Integrated Seniors' Services will only create two additional beds for Thunder Bay. The other beds are replacements for three long-term-care homes that are being closed. We have heard nothing about replacing two of Revera's oldest long-term-care homes that are extremely cramped.

Beyond inadequate physical space, there is the government's distressing failure to provide funding that is tied to a minimum standard of a daily average of 3.5 hours per resident for hands-on care in long-term-care facilities.

0930

Front-line staff: There is a shortage of trained front-line staff, and it's chronic. Staff at the hospital, long-term-care homes and in home care all report unease from knowing as they commence their shift that they will never be able to complete all their work during the allotted time. There are simply not enough hands for hands-on care.

We've got some recommendations like withdraw section 28 of the Ministry of Government Services Act from Bill 55; cancel the corporate tax cuts and eliminate employer health tax loopholes; move Ontario's health care funding into line with the rest of the country for medically necessary services in all settings; provide timely core funding that is sensitive to real cost; restore hospital funding to meet, at minimum, hospital inflation and stop service cuts; reinstate and fund a measurable long-term-care home minimum standard of care of 3.5 hours per resident per day; examine and curb excessive administration and executive costs in health care; stop the increasing privatization of health care, especially in home care and long-term care and clinics where millions of dollars end up as profit for shareholders; provide catastrophic drug coverage within a federal framework; and address the social determinants of health: economic equity through good jobs, income support, social housing, inclusive community supports and education.

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute to wrap it up.

Ms. Suzanne Pulice: That's it.

The Chair (Mr. Bob Delaney): Exquisitely done. The questioning will come this time from the government side: the parliamentary assistant, Mr. Yasir Naqvi.

Mr. Yasir Naqvi: Good morning, Suzanne and Sara. Thank you very much for dialing in and participating in these hearings. My name is Yasir Naqvi. I'm the member of provincial Parliament for Ottawa Centre.

I wanted to ask you a couple of questions based on the submission that you just made. One of them is around the support that has been announced in this budget for northern and rural hospitals, particularly a transition fund that will help them become more efficient for patients and, in turn, provide better services that lead to better health outcomes. Do you support that kind of investment in northern hospitals?

Ms. Sara Williamson: Oh, we definitely support it. We're just saying that it's still not enough. The larger hospitals in Thunder Bay, St. Joseph's Care Group and Thunder Bay Regional Health Sciences Centre—they're in the large hospital category, and they're struggling with the funding that is being allotted at this point. It's not going to be enough with the transition.

Mr. Yasir Naqvi: Okay. I want to also get your views on the action plan on health care that was announced by the government that the Minister of Health has been working on, which focuses on investing more in our communities to provide care that is closer to home, especially for our seniors and those with chronic conditions.

We know that large institutions like hospitals are not the best place for them to get care because (1) it's more expensive and (2) it's not suitable for what they need. Do you support the direction the government is taking in terms of more community-centred, patient-focused care right close to home?

Ms. Suzanne Pulice: Of course we're in agreement with people being able to stay at home and being given the care that is needed, because we know that when

people are at home, probably the healing time would be greater. We know that when people end up in the hospital and waiting for a bed somewhere or not being able to go home because there's no services that can be provided for them, they deteriorate quickly, especially our seniors. We see that happening all the time.

The concern is, is there enough funding going to that and is there enough educated staff to properly meet the needs of those individuals who will be at home? Right now, we know that a lot of families are having to provide that out of pocket to keep their loved ones at home, and other ones who are unfortunately just taking up beds in the hospitals and in other areas, right?

Mr. Yasir Naqvi: Yes, and the focus is to rectify that. I have one quick question, and that is that the budget also outlines a freeze on the salaries of hospital executives. Do you support that measure?

Ms. Suzanne Pulice: Definitely, but what about the bonuses, though? I know there's a freeze on their wages, but we do know there are also the bonuses that are still there.

Mr. Yasir Naqvi: I hear you. I believe that will be captured as well. Thank you very much for your time—really appreciate it.

The Chair (Mr. Bob Delaney): And thank you for calling in today.

CPAWS WILDLANDS LEAGUE

The Chair (Mr. Bob Delaney): Our next presentation is from CPAWS Wildlands League, Anna Baggio. Is Anna here?

However, I'm advised that our next presentation, Ontario Nature, is here. There you are. Talk about that for service. Please take a seat.

Interjection.

The Chair (Mr. Bob Delaney): Okay. Well, let's go in order, then.

Good morning, and welcome. How's that for service? No waiting.

Ms. Janet Sumner: Thank you. It's fantastic.

The Chair (Mr. Bob Delaney): We're pleased to welcome CPAWS Wildlands League, Anna Baggio, director of conservation land use planning. You have 10 minutes to offer your thoughts and remarks, followed by up to five minutes of questioning. The questioning in this rotation will come from the official opposition. Please state your name for Hansard and then commence.

Ms. Janet Sumner: Thank you very much. I'm Janet Sumner, executive director for CPAWS Wildlands League. With me today is Anna Baggio, our director of conservation planning. Thank you very much for allowing us to come to the committee and hearing our remarks. I appreciate the time and energy that you're putting towards this.

Wildlands League is a leading not-for-profit environmental organization in Ontario. We combine credible science, visionary solutions and bold communications to save, protect and enhance Ontario's wilderness areas. We

are also a chapter of the Canadian Parks and Wilderness Society, which has 13 chapters across the country.

We welcome the opportunity to provide comments on Bill 55. Wildlands League has a long history in Ontario. We've been around for 40 years and have a strong interest in protecting ecosystems. This has meant that we have participated constructively over the years in law reform in the public interest. For example, we played a significant role to help usher in laws such as the Provincial Parks and Conservation Reserves Act, 2006, the Endangered Species Act, 2007, An Act to amend the Mining Act, 2009, and the Far North Act, 2010; and of course we have worked on the creation of new parks as part of Ontario's Living Legacy.

Each time, we found solutions through collaboration and dialogue with progressive stakeholders, including businesses that depend on our natural resources for their own success. Conflicts between mining claims and new park creation were resolved, for example, in dialogue with the Ontario Prospectors Association. Mutual common ground was built with the Ontario Mining Association as we developed our submissions on the revisions to the Mining Act. We also work closely with First Nations, championing mutually supportive objectives and causes. We occupy a particular niche within the environmental community, with an impressive record of agreements and solutions.

Another example of this collaborative work is our participation in the Canadian boreal forest agreement, or CBFA. The CBFA is a historic agreement between nine environmental organizations and 18 member companies of the Forest Products Association of Canada that seeks to conserve significant areas of Canada's vast boreal forest, protect threatened woodland caribou and sustain a healthy forest industry for the communities that rely on it. It is, in essence, a two-pillar approach. We are committed to providing advice and suggestions on these issues to governments in Canada: provincial, aboriginal, federal and municipal.

The Ontario regional working group of this CBFA agreement—which includes representation from Resolute, Tembec, Weyerhaeuser, CPAWS, the David Suzuki Foundation, Greenpeace, Ontario Nature and the Ivey Foundation—has developed a framework for the protection of woodland caribou and for maintaining essential fibre supplies for mills in the forest sector. Most recently, we have come up with an exciting solutions-based framework for the Abitibi River forest in northeastern Ontario that was shaped by the local mayors and First Nations.

We offer our comments on Bill 55 in order to enhance the dialogue evolving with respect to Ontario's fiscal and ecological goals, in order to ensure that any amendments to environmental statutes enacted as a budget implementation measure are consistent with both.

We are concerned, like other groups, that the government has chosen to make amendments to several environmental statutes through an omnibus budget bill. This does not allow adequate time for the public to participate

in government decision-making regarding legislative proposals that may be environmentally significant. As Ecojustice and the Canadian Environmental Law Association note, "The exception from the public participation requirements mandated in the Environmental Bill of Rights, 1993, specifically for amendments to law and policies that give effect to budget implementation presumes that the impact of the proposed amendments will not be environmentally significant."

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We examined the proposed changes using two criteria: to determine if they would save money and be policy neutral. In our estimation, only policy-neutral changes should be included in a budget bill. If the government of the day wants to change the laws, then they should seek public debate and appropriate mechanisms of public participation so that all of us can be engaged. A budget bill is not the place to bring in policy changes to environmental laws that are not policy neutral.

As we have pored over the changes to several environmental statutes, it became quickly apparent to us that several of the changes proposed, with tweaking, could be perceived as having little environmental effect or be policy neutral, but there were others that raised red flags for us. These could have serious, unintended consequences. For example, the proposed changes to section 18 of the Endangered Species Act were the ones that raised the most red flags for us. The intent of this section is to allow the minister to use instruments to authorize activities that would damage or destroy habitat provided they meet certain tests, such as the overall benefit test or the alternatives test. The proposed changes to this section of the Endangered Species Act essentially gut the section and would allow the government to use any instrument to demonstrate compliance with the act without meeting the tests set out in law. This is a serious and significant departure from the existing act and one that requires significant, therefore public, debate. This is why we are requesting that the changes to this section of the act be removed through committee.

An example of a proposed amendment with some tweaking that could save money and be policy neutral is section 19 of the Endangered Species Act with respect to non-commercial activities on a certain area around a person's primary residence. The proposed amendment was drafted with a clause that is open-ended, and it could see sweeping exemptions of the Endangered Species Act on private land. This is why we are suggesting reducing the area where the exemption would apply around a person's primary residence from 50 metres to 10 metres and that it be subject to conditions to be prescribed in regulations. This is the type of tweaking or adjustment that we suggest would help the government meet its intentions around financial health and ecological health.

As we described above, we support a robust public debate on any proposed amendments to environmental laws. A robust public debate is not possible within the confines of this omnibus budget bill. As such, changes should not be contemplated that would preclude public

participation as per the Environmental Bill of Rights. We support the summary of proposed amendments, in order of importance, submitted by Ecojustice and suggest you consider their proposed changes as well as recommendations in your deliberations—see attached.

Thank you for your consideration. We are prepared to take comments or questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for your presentation. There are just a couple of areas, actually, that I want to talk about. In the first page, you spoke about your history and your involvement and past participation, and you spoke about the Far North Act.

Ms. Janet Sumner: Yes.

Mr. Victor Fedeli: Throughout the remaining pages, you frequently talked about requiring specific public debate, robust public debate, over and over. What are your feelings towards the fact that there was no public debate or no public consultations on the Far North Act held in northern Ontario, the very area under question?

Ms. Janet Sumner: Actually, I attended committee hearings that were in the north.

Mr. Victor Fedeli: Where were you?

Ms. Anna Baggio: Timmins.

Ms. Janet Sumner: Timmins.

Mr. Victor Fedeli: We're talking about the Far North here.

Ms. Janet Sumner: In the Far North—I wasn't prepared to talk about that particularly today. I know that there were consultations with the First Nations. I, of course, was not involved in those because they were government to government, so—

Mr. Victor Fedeli: Every one of the First Nations is asking for the repeal of the Far North Act, and all feel that they were not properly consulted. So I was looking for your thoughts on that.

Ms. Janet Sumner: I'd be happy to have a meeting with you, Mr. Fedeli, and actually talk about our considerations on the Far North and actually prepare something and do that with you. I think that always in laws, they're never perfect. So it's a matter of getting a planning act that actually helps development go forward in a way that makes sense for the environment of the people who are concerned, whether it's the near north or the Far North. We certainly have lots to contribute to that conversation, but I'm not really prepared to have that conversation today.

Mr. Victor Fedeli: I appreciate your repetition in here about requiring a public debate. I do appreciate that.

The Chair (Mr. Bob Delaney): Thank you very much for having come in today and sharing your thoughts and feelings on Bill 55.

Ms. Janet Sumner: Thank you very much.

ONTARIO NATURE

The Chair (Mr. Bob Delaney): Our final presentation this morning is Ontario Nature: Anne Bell.

To members of the subcommittee, would you mind staying behind for just a few minutes following this presentation as we go over some of the still-evolving parts of the remainder of our consideration of the bill?

Welcome. Make yourself comfortable. You've got 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning, this time coming from the NDP. Please state your name for Hansard and then begin.

Ms. Anne Bell: Hello everybody, and thanks for the opportunity to present today. My name is Anne Bell. I'm the director of conservation and education at Ontario Nature. I'm here this morning representing Ontario Nature as well as the David Suzuki Foundation.

I trust everyone has the handout, which includes a slide deck as well as an open letter to Premier McGuinty and another couple of pieces of paper, which I'll refer to as I go through my presentation.

I'm going to jump to page 2 of the slide deck, because I realize I only have 10 minutes so I can't dilly-dally. I guess I'll begin with the two overarching concerns; you've already heard those twice today. The two overarching concerns for our organization are the fact that there are major changes being made to environmental and natural resource legislation, and they're being made through a budget bill, which brings us to our second concern, that this pretty much circumvents the Environmental Bill of Rights, which is a big concern to us.

It's not only a concern to us, but it's a concern to dozens of organizations and thousands of people across the province. I think the open letter to Premier McGuinty, which is attached, demonstrates that. It's a very short letter, but there are three double-sided pages here, because there were so many groups that wanted to sign this letter. The letter was done quickly, and there were groups that didn't have time to sign. I mean, there are a lot of people who are very concerned about the changes to environmental law that are going forward under Bill 55.

The policy implications, in broad strokes: There are exemptions being introduced, there are exemption powers being broadened and created, there's a broad delegation of authority under many of these acts, and there is the extension or elimination of timelines that actually drive planning and reporting processes. These, in our opinion, are very serious and will have serious environmental consequences.

Slide 5 refers specifically to the Endangered Species Act. You've heard about that already this morning. All I can say is that I work with this act almost every day at Ontario Nature. This act was passed with almost unanimous support from all three parties. It has been hailed and continues to be regarded as the best piece of endangered species legislation in the country, if not North America. I really believe that structurally it doesn't need to change. There have been a lot of problems with implementation—I don't disagree—and there may be changes needed. But if there are changes needed, those should be publicly discussed. They should not be passed

through a budget bill that has no opportunity for public comment, particularly considering how dramatic these changes are and what will happen.

There are a number of other pieces of legislation in slide 6, which I mention. There are five other ones that are of deep concern. I don't work with these every day, but having looked at what the changes are, and at the analysis done by Ecojustice and the Canadian Environmental Law Association, I think there are very serious concerns with these other pieces of legislation as well. Broad strokes: It's about exemptions, it's about delegation of authority, it's about delaying timelines, it's about getting the government out of regulation of the environment.

What is MNR trying to accomplish? Here I've quoted directly from the addendum to the budget bill. That's what MNR—the Ministry of Natural Resources—is trying to accomplish in its own words. My interpretation of this: MNR wants to get out of permitting, they want to download responsibilities and they want to reduce their obligations for planning to conserve, manage and use our natural resources. I think this is of real concern.

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How much money will MNR save from these legislative changes? Well, here again, straight from the budget bill: \$2.1 million this year; a total of \$11.1 million over three years. Honestly, folks, out of the target this year for MNR, which is to reduce its budget by \$65 million, the fact that it's going to gut all of these environmental laws for \$2.1 million seems a little bit much to me. If you put it in the context of the overall provincial budget, \$2.1 million this year is pretty much a drop in the bucket, and I hope you agree with me. It would be a lot of money to me personally, but when you're talking about trying to reduce a budget by billions of dollars, it isn't much, yet look at what is happening in response to this.

So I think there are two questions we need to ask: Is it worth it? Is there another way?

Is it worth it? I'm sure you know what I think. It's not worth it.

What I've got here is a slide, slide 9, that just touches on some of the studies that have been done about the value of our natural resources in Ontario. That top bullet there is a study that was done by the Ministry of Natural Resources three years ago on southern Ontario and what they call the ecosystem values produced by nature in southern Ontario per year, and it's over \$84 billion.

I'm going to direct you to another one of the handouts, which is a table. This is a table that comes directly from that MNR report, and it tells you exactly what they've evaluated. It's called ecosystem services. It includes what nature does for us in terms of recreation, aesthetics, other cultural values, pollination, habitat refuge for wildlife, atmospheric regulation, soil retention and erosion, water quality, water supply. Then it gives you the totals for each kind of natural area and what it does for us.

If you look, for example, at forests, open water or wetlands, you see that the bulk of that \$84-plus billion per year is from those places. So I think it behooves the

government to make sure that those things are added into our calculations when we talk about gutting environmental law for a couple of million bucks. It just doesn't match up, and I think that's the danger. We need to look not only at the costs of doing permits, planning etc. We need to look at the costs of not doing that. What will be the costs in terms of a lack of government oversight on the management of our resources if we proceed with these pieces of legislation?

I'm not timing myself, so I'm rushing through this as fast as I can.

What are the alternatives?

The Chair (Mr. Bob Delaney): Don't worry, I'm keeping track of your time, and you're okay.

Ms. Anne Bell: Okay. Take a look at the Drummond report. I haven't read the whole thing, but I've read the bits that are of relevance to MNR and its budget and what it's proposing. One of the first things that it says is, recommendation 13.1, "Move towards full cost recovery and user-pay models," and there are examples of how this is working in Ontario that the Drummond report underlines. One of them is Drive Clean; the other, the renewable energy approvals.

If people want, for example, to develop an endangered species habitat, they want to destroy habitat or they want to cause harm to the species and they want a permit to do that, surely they can pay for the permit to do that. Surely it isn't the public, the government, that should be paying to give industry permits to destroy habitat or to harm endangered species. It makes sense. If you're going to have an impact on the environment and you need a permit to do that, you should pay for that permit. Full cost recovery: That's a recommendation of the Drummond report that I fully support.

Another aspect of the report which is quite interesting in light of MNR's budget for this year is the examination they do around business subsidies. They're quite hard on business subsidies, if you've had a look. I've got a quote here from the report: "Empirical evidence suggests that business subsidies are often not an efficient use of public resources and have done little to raise living standards."

I wanted to draw your attention to the fact that millions of dollars in subsidies are handed out to industry every year by the Ministry of Natural Resources. Last year, it was to the tune of \$9.35 million to the forestry industry. This year, it's a subsidy that's still in the budget of \$60 million for what's called the forest access roads program. This is the program that punches roads into forests. Obviously it's not something that our organization loves, and we really don't love the fact that \$60 million is going to be put towards that in this year's budget. If you compare that to the fact that the ministry is trying to reduce its budget by \$65 million, it's kind of ironic how close those two totals are. If MNR can find \$60 million for forestry roads, surely it can find a few million bucks to do the permitting, the planning etc. that's required under the laws that it is proposing to eliminate.

Ending with a recommendation: Our recommendation is to withdraw those schedules. We think you should just

simply take them out. The government is going to save a total of \$2.1 million this year and \$11.1 million over three years. Is it worth it? I don't think so. Moreover, even if you do think it's worth it, I think those things can—we can pay for permits. We can pay for planning. We can pay for all those things if we do it properly and we follow the recommendations of the Drummond report around full-cost recovery and around taking a really hard look at business subsidies.

Take five million bucks from that forest road access program this year, and put it towards covering the permitting and the planning that's supposed to go on under all of these laws. I think it can happen. That's it.

The Chair (Mr. Bob Delaney): And now you're down to your last few seconds.

Ms. Anne Bell: That's my last slide. That's my recommendation: Pull the schedules, the six that are listed here, and take care of our rivers, our forests, our wildlife, the things that people love and the things that people are relying on the government to do.

The Chair (Mr. Bob Delaney): What good timing. Mr. Prue.

Mr. Michael Prue: Yes, I have a couple of questions. One statement you made, I'm not sure that you actually meant it. You said that the staff or the people who work at MNR are looking forward to having some of these things taken away from them. It has been quite obvious that it's the other way around. When their staff people come here, when the union comes here, they are fighting tooth and nail to protect what they do.

Ms. Anne Bell: I don't think that—no; if that's the impression I gave, that's certainly not what I meant. There are amazing people on staff at the Ministry of Natural Resources. This is not what I would call the staff that are doing things. These are the people higher up who are making decisions, and I don't know who made these decisions about the permitting and the planning and all the rest of it. I don't know, but no. If that's the impression I gave, absolutely not.

You'll notice that letter to the Premier is signed by two labour groups.

Mr. Michael Prue: Good. I just wanted that to be clear for the record because that one sentence just troubled me a little bit—

Ms. Anne Bell: I was trying to go too fast, so I probably said something odd.

Mr. Michael Prue: I know that. The MNR has, over the last 10 to 12 years, lost significant portions of its budget. It's one of the ministries that has been the most affected by downsizing. What has been your experience as a result of that downsizing? They've gone from about—I was told about 6% of the budget in Ontario at one point down to less than 1%.

Ms. Anne Bell: I think it's at—it's very small, and it's gone down dramatically. At the same time, the number of pieces of legislation that it has been responsible for has skyrocketed. So there's a real problem there.

In terms of my experience—to be quite honest, I've only been at Ontario Nature for four years, so I don't

have that depth of experience. But one of the things I'm really worried about in terms of the staffing cuts is the delivery—the actual interaction with people at the local level. The delivery of what needs to happen in terms of government oversight in communities is going to be axed, and that's a huge concern.

We work very closely, for example, with the stewardship councils of MNR—great people doing great things, and those are all now at risk and likely to be cut. I'm not sure. I don't know the details of the plans, but it's a great concern.

Mr. Michael Prue: Today marks four weeks exactly to the day that you sent this letter to Dalton McGuinty. Have you had a response?

Ms. Anne Bell: No.

Mr. Michael Prue: Have you had an acknowledgment of receipt?

Ms. Anne Bell: I had acknowledgement of a receipt, and I can't remember if it was this letter. I'm sorry, I can't remember.

Mr. Michael Prue: Okay, can't remember. But certainly no substantive response to this letter?

Ms. Anne Bell: No.

Mr. Michael Prue: Any response from any other ministries to this letter, particularly the Ministry of Natural Resources or Environment or Finance?

Ms. Anne Bell: No.

Mr. Michael Prue: No response at all. Now, the people who've signed it here, this is the who's who. When I read through these names, these are the who's who of the environmental movement, not only in Ontario but in Canada.

Ms. Anne Bell: That's right.

Mr. Michael Prue: Have they been putting any pressure on the government to get a response? Here we are, we're coming right down—the vote is next week.

Ms. Anne Bell: The challenge for all the groups is that there is something very similar happening federally, so a lot of the national groups are working at that level. However, there are a number of these groups—the David Suzuki Foundation, Greenpeace, for example, those are national organizations that are paying close attention to this. A lot of the other ones are not paying as close attention. So I'm assuming that there will be some letters coming, and I don't know how many are planning to actually participate in these hearings. I don't know.

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Mr. Michael Prue: We know what's happening nationally, and I think we're all a little upset about what the federal government is doing around the environment and the omnibus bill. But I am unaware—do you have any information on whether any other provinces are taking the same kind of route as Ontario is here to continue to slash its natural resources budget and to put the environment at risk?

Ms. Anne Bell: I'm not aware. I don't know.

Mr. Michael Prue: You don't know whether there's any, okay. This seems to be going it alone, and we're a little disturbed at why the province of Ontario wants to

do this. Have they given you any explanation? They certainly haven't given me one. Have they given you any explanation of why they need to do this, other than to save \$2 million?

Ms. Anne Bell: It's basically to meet the target. It's about getting out of permitting and all of those other things that require staff.

The Chair (Mr. Bob Delaney): And on that note, thank you very much—

Ms. Anne Bell: And modernizing would be the other thing that they've said.

The Chair (Mr. Bob Delaney): Thank you for having come in today and for sharing your thoughts and opinions.

Ms. Anne Bell: Thanks.

The Chair (Mr. Bob Delaney): This concludes our presentations for this morning.

If I could ask Mr. Shurman, Mr. Prue and Mr. Naqvi to please stay behind for just a few minutes for an impromptu subcommittee meeting.

We are now in recess until 1:30 this afternoon.

The committee recessed from 1002 to 1330.

MR. DAVID WHITE

The Chair (Mr. Bob Delaney): Good afternoon, everybody. We are here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various acts. This afternoon, our first presentation will be from David White, whom I gather is in the room. Mr. White, if you could please make yourself comfortable. You'll have 10 minutes to give your presentation to the committee. The questions of up to five minutes will follow from the government side. Please state your name for Hansard and commence.

Mr. David White: I don't think I'll be taking 10 minutes. I think I'll be briefer than that.

This is on, I gather?

Interjection: Yes, it is.

Mr. David White: Thank you very much, Mr. Chair, ladies and gentlemen, for the opportunity to address the committee on the subject of the budget.

The annual budget sets out in financial terms the basic values of the Ontario Legislature. In my view, the 2012-13 budget should state clearly that it is the intention of the Legislature to move the province to a condition of greater economic equality and should contain specific measures within it to accomplish this objective.

The proposed amendment that would add a new tax bracket for those whose income in excess of \$500,000 a year, an amendment which I understand the government is prepared to accept, is a useful step in this direction.

The proposal to increase the Ontario Works and ODSP rates by a few percentage points is also a useful step. However, I would suggest that these rates be increased to the level, allowing for inflation, that was implemented by Premier Mike Harris in 1995. I understand the single rate for Ontario Works, if so amended, would be approximately \$824 monthly. Mr. Harris, whatever his strengths

and weaknesses were, was never known to be overly generous on income support, yet even he recognized that a level that would have translated into approximately \$824 today would be an appropriate level for single people on Ontario Works. Given the source of that position, it seems to me that that's an idea that should enjoy all-party support in the Legislature.

Another useful amendment would be to carry through with an increase to the Ontario child benefit to \$1,310 this year, as was originally proposed.

Together, these three changes would be a good down payment on a longer-term effort to achieving greater income equality.

I recognize that it is possible that some greater tax effort would be required to implement these changes. Perhaps one extra tax bracket will not be sufficient, or perhaps the proposed one would need to kick in at a level somewhere below the \$500,000-a-year level.

Looking to the future, it would be really interesting for the government to undertake a study of tax, minimum wage and other measures that would be required to meet income equality objectives in the next few years. I envisage such a study to be a counterpart to the Drummond report but addressing, amongst other things, the revenue side of the picture.

My final point is that the main reason to move to a society of greater equality is that it is the morally correct thing to do. However, there is good reason to believe that there are also cost benefits that will accrue to the government of Ontario and to all of us if indeed we move in this direction. Some studies have shown that more unequal societies are more likely to experience social problems such as higher homicide rates, higher incarceration rates, poor educational performance etc. It is evident that such problems lead to higher costs for government, whatever the political stripe of that government may be.

Those are my submissions, Mr. Chair.

The Chair (Mr. Bob Delaney): And thank you very much. The questioning this time will come from Ms. Piruzza on the government side.

Mrs. Teresa Piruzza: Thank you, Mr. White, for taking time out to come and speak with us today with respect to your submission. Your submission—as I read it through, and I was listening as you were speaking and trying to follow along as you were reading as well—I understand is with respect to the equality within society. I see that in terms of your main point. There are a couple of things that you brought up that indicate that you support what is in the budget, with respect to the higher taxation for the higher incomes, the increases to OW and ODSP. With respect to the OCB, we haven't gone up to the \$1,310 but we are going to see an increase in that benefit this year as well.

I recognize that with these, you're indicating as well that we need to go a bit further with that. My background is specifically in working with this area as well. I was the executive director in Windsor working with this group prior to my election, and I think part of the motivation for me to run was as much as we've done with respect to

poverty reduction in our government as well. You may be aware of the social assistance review, and the reform that is currently being completed in terms of the review. Have you had any consultation or any discussion with that group, or are you aware of that review, from which we're awaiting the final recommendations?

Mr. David White: I'm aware that that study is ongoing, and as I understand it, they will be reporting fairly soon. I think at minimum what the government should do is allow for a generous increase to ODSP and Ontario Works rates by at least earmarking funds. You're probably correct: It would be appropriate to wait until their report comes forward. But it's hard to imagine that they're going to recommend anything but a significant increase to those rates, and I think Ontario should move quickly to implement significantly improved rates when the time comes. Hopefully that time will be soon.

Mrs. Teresa Piruzza: With respect to that balance—of course another one of our priorities is to reach a balance in terms of the budget as well. We're trying to balance between priorities of education, health care, social assistance and what we need to do in the province. How do you balance that?

Mr. David White: Well, I've indicated that to implement what I'm suggesting here would no doubt require greater tax effort than is proposed in this budget, and I think the government should look in that direction.

Mrs. Teresa Piruzza: So, look toward more revenue?

Mr. David White: Yes, look at the revenue, and certainly, as I've suggested, do a more fundamental ongoing review of revenue tools, as they're sometimes referred to, which comes down in many cases to taxes, to look to the future and see where further revenue could be obtained to try to move this province to a position of greater income equality.

Mrs. Teresa Piruzza: We have had other presentations that spoke to studies of unequal societies and some of the impacts here, so I take it that's from the same presentations that we've heard earlier.

Mr. David White: I'm sorry, I didn't quite hear that question, and I'm a little hard of hearing.

Mrs. Teresa Piruzza: Sorry about that. We've had other presentations earlier today and yesterday that spoke to some of what you've indicated in terms of the social problems that have arisen as well. Is that from that same study, or what study is this based on that you have here?

Mr. David White: There's a book called *The Spirit Level*, by Wilkinson and Pickett. I believe some other deputants may have at least referred to that study as well, and that's what I'm referring to. I think there would be a consensus in this room, and I'm sure in the Legislature as a whole, that some of the issues that are listed there certainly lead to higher costs for government in the long term.

Mrs. Teresa Piruzza: Thank you, Mr. White, for coming in. I appreciate your time.

The Chair (Mr. Bob Delaney): And thank you for being almost perfectly right on the mark on time. Thank you for your time today.

INCOME SECURITY ADVOCACY CENTRE
ADVOCACY CENTRE
FOR TENANTS ONTARIO

The Chair (Mr. Bob Delaney): Our next deputation will be the Advocacy Centre for Tenants Ontario and Income Security Advocacy Centre. Take a seat. Make yourselves comfortable. You'll have 10 minutes to present your remarks, followed by up to five minutes of questioning. This round of questioning will come from the opposition. Please begin by stating your names for Hansard and then carry on.

Ms. Jennefer Laidley: Thank you very much for the opportunity to speak before the standing committee today. My name is Jennefer Laidley. I'm with the Income Security Advocacy Centre. ISAC is a specialty legal clinic with a province-wide mandate that works to resolve the systemic problems built into Ontario's current social assistance programs.

Ms. Mary Todorow: My name is Mary Todorow. I'm with the Advocacy Centre for Tenants Ontario. We also are a specialty legal clinic with a province-wide mandate to improve the housing situation of low-income Ontarians, including tenants, co-op members and homeless persons. Both of our clinics are funded by Legal Aid Ontario.

We're here to express our grave concern about the elimination of two critically important benefits for people on Ontario Works and the Ontario Disability Support Program, as announced in the 2012 budget. These are the Community Start-Up and Maintenance Benefit and the home repairs benefit.

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Cutting these benefits is extremely problematic for two very important reasons: first, because it will have a very negative impact on the nearly 900,000 Ontarians who currently rely on OW and ODSP for their incomes, which are already far below the poverty line; and second, because of the implications that these cuts have for other social reform processes that are currently under way. We're very concerned about the lack of consistency and coordination between the actions being taken in the budget and the reforms being undertaken in these other venues.

Ms. Jennefer Laidley: I'll speak first to the impacts on people.

The loss of the community start-up and maintenance benefit, which we affectionately refer to as CSUMB, will have a serious negative impact on people on OW and ODSP, the vast majority of whom are renters. The benefit provides funds once every two years for people on OW and ODSP to maintain their housing. Essentially, this is a homelessness prevention benefit. It helps people pay for things like first and last month's rent deposits, to buy or replace furniture, to put down deposits on utilities or to pay overdue utility bills.

There are three aspects of this benefit that make it particularly important for people on social assistance. First, it's targeted to help them specifically. People on assistance are among the most vulnerable in Ontario.

Second, it provides people with direct assistance, the direct cash assistance that they need to retain their housing and prevent homelessness. Third, this benefit is mandatory. People who are denied the benefit are able to appeal the decision, and this oversight ensures a measure of fairness for Ontarians with low income and protects them from arbitrary decision-making.

All three of these critical factors are going to be lost when CSUMB ends in January 2013 and a new consolidated housing and homelessness fund comes into force. We'll talk about that in more detail in a moment.

The loss of CSUMB will hurt many people across Ontario—people who, we will remind you, live on incomes that are far below the poverty line provided by OW and ODSP. These are people who otherwise cannot afford these expenses. Their incomes do not allow them to budget. There's no wiggle room. The fact that they rely so heavily on food banks is evidence that the funds they receive are insufficient to meet even their daily needs, let alone pay for large expenses like the ones that CSUMB funds.

The people who will be hurt include women trying to move from transition shelters into permanent homes after experiencing domestic violence. It will hurt men trying to move from the shelter system into permanent homes. It will hurt people dealing with bedbug infestations, which in Toronto we know is a big problem. It will hurt people who cannot afford the rising cost of energy. About 16,000 Ontarians currently rely on this benefit each month.

Ms. Mary Todorow: The second critically important benefit for people on assistance that's being lost is the home repairs benefit. This benefit helps low-income Ontarian homeowners who are struggling to maintain and repair their own homes.

The home repairs benefit helps people on assistance pay for things like emergency plumbing repairs—we all know how expensive it is when you're dialling for the plumber—patching a leaky roof, or repairing damage from fire or floods. They access this money after they have checked to make sure that it's not going to be covered by their insurance policy. That's in the directive. But starting January 2013, this benefit ends.

The only alternative for people on OW or ODSP who own their own homes will be programs such as Ontario Renovates, which provides loans for repairs, not grants, and they simply can't afford to repay these loans.

This cut is more likely to affect people with disabilities who are on ODSP and those in rural, northern and First Nations communities.

We'd like to talk about the implications that these cuts have on other reform processes that are currently under way. This does connect. Four and a half years ago, the government announced its poverty reduction strategy. As part of the strategy, commitments were made to a long-term affordable housing strategy and to a review of social assistance in Ontario.

The long-term affordable housing strategy was announced two years ago in November 2010. As part of that strategy, a new consolidated housing and homeless-

ness program fund is being created, with the first phase of this consolidating taking place in January. They're going to be consolidating five programs and then, as announced in the budget, 50% of the CSUMB funds currently under Comsoc are slated to be combined with the funding from the five other programs and transferred to municipalities. Municipalities are going to set their own local priorities for these funds, which will be spread over a larger pool of potential clients. CSUMB was only for people on OW and ODSP. This money that goes into the pool will be spread over potential eligibility for all low-income people in the community.

The provincial criteria and accountability framework for this fund—they're working on it now. It hasn't gone out. We don't know the details. We're looking forward to seeing that. The local housing and homelessness plans that are required by the Ministry of Housing under the Housing Services Act are not to be initially approved until January 2014, so that's a year after this consolidated fund goes into effect at the beginning of next year, 2013. Moving 50% of the CSUMB funding to municipalities before they understand and plan responses to their local housing and homelessness issues is, we think, out of step with good policy implementation and the timetable that has already been established by the government in the Housing Services Act. And it remains unclear at this point how moving the CSUMB funds will impact First Nations, who currently administer CSUMB on reserve.

Ms. Jennefer Laidley: And the other process that's under way, as I'm sure you all know, is the commission that was mentioned earlier, the commission for the review of social assistance, which has been working since January 2011 to build recommendations for large-scale reform of a system that doesn't serve the people it's intended to serve, is cumbersome and difficult to administer, and makes very little economic sense in the current labour market.

The commission is about to deliver its final report. We're expecting that report at the end of June, so making cuts to social assistance benefits at this time, before the comprehensive review is complete, simply pre-empts and undermines the important process of reform that will arise out of the work of the commission.

We know that municipalities across Ontario are very concerned about the loss of these two benefits, as well as the cap that the budget puts on discretionary health-related benefits. We know that First Nations across Ontario are similarly concerned. We joined with seven First Nations communities from the north shore of Lake Huron at a rally at Queen's Park on Monday against these cuts. We also know that housing workers, community legal clinic caseworkers and others who support people living in poverty on OW and ODSP are similarly concerned. They feel that these cuts will result in more hardship, more desperation and, in fact, more homelessness among people on assistance.

We're strongly urging this committee to take some action to reverse this cut and restore full funding to these critical programs.

Ms. Mary Todorow: Now, we understand that the budget bill itself doesn't, per se, implement this cut. In fact, regulations are being issued right now. They have been issued to start the process. But we felt we had to come and let you know what our concerns were, and that this was a good venue to be able to do that.

Ms. Jennefer Laidley: So thank you.

The Chair (Mr. Bob Delaney): And thank you. Your questions will come from Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, and thanks, Mary and Jennefer, for your presentation today. I just wondered, just quickly, your opinion on the McGuinty government's HST on home heating and hydro bills.

Ms. Jennefer Laidley: You can speak to that, I think. Can you?

Mr. Monte McNaughton: I'm sure you heard a lot about that over the last year or so.

Ms. Mary Todorow: Well, I mean, that adds to the cost of energy. Both our clinics are founders of the Low-Income Energy Network. We've actually proposed a very comprehensive program to address rising energy costs for low-income consumers. In fact, the government has taken some very good steps towards what our model is—our preferred model. They have taken steps to increase the amount of emergency energy funding available for people on low income who are in short-term crisis. They have put together customer service rules through the Ontario Energy Board.

In fact, I was just at the Ontario Energy Board yesterday, telling them about the CSUMB cut and saying, "Look out, because with this cut, because you can pay for utility arrears through CSUMB, you're going to look at more demands on the funding that is already out there." In fact, we heard about the utilities that used up their funds within a month and a half of last year when the LEAP emergency financial assistance program started and they had to do some bridging.

So there are customer service rules, waivers of security deposits, a longer time period to look for assistance to keep your service connected—21 days if you are low-income. There are arrears payment programs. The thing that we're still looking for is actually a low-income rate assistance program, specifically for low-income people. It will be a fixed benefit. There's a conservation incentive built in to that and we're hoping the government is going to adopt that. There are also conservation and energy efficiency programs at no cost to low-income consumers and that is being rolled out now. So, in fact, we're actually making some progress on helping low-income consumers with their energy costs.

Mr. Monte McNaughton: But the HST on hydro and home heating for low-income families has affected them negatively, in your opinion?

Ms. Mary Todorow: I would just say that the fact that energy costs are rising—you know, our coalition, for the Low-Income Energy Network—there are two things going on here, because we have the environmental groups, and anti-poverty and affordable housing groups. We realize that price signals can go up for energy costs

that will create an incentive for people to reduce their energy use. But low-income people, particularly as most of them are renters, actually don't have the ability to respond to those price signals because they don't control their housing, the energy tightness of the units that they're in. It's not as easy to just say, yes, the HST is the problem. I really recommend that you go to our website and take a look at all the—

Mr. Monte McNaughton: Great. Well, thank you very much for coming today.

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Ms. Mary Todorow: Okay, thanks.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation.

CIVIL RIGHTS IN PUBLIC EDUCATION

The Chair (Mr. Bob Delaney): Our next presenter is Malcolm Buchanan. Good afternoon, and welcome to the committee.

Mr. Malcolm Buchanan: Thank you very much.

The Chair (Mr. Bob Delaney): You've been following along the plot line. You have 10 minutes to make your remarks, followed by up to five minutes of questions. This time, the question rotation will see your questioning come from the members of the NDP. Please state your name for Hansard and then begin.

Mr. Malcolm Buchanan: My name is Malcolm Buchanan; I'm from Hamilton, Ontario, and I'm the former general secretary of the Ontario Secondary School Teachers' Federation. I'm representing Civil Rights in Public Education. Civil Rights in Public Education is an organization composed of citizens of different backgrounds committed to one strong public education system, which offers neither privilege nor prejudice to anyone.

The 2012 Ontario budget makes reference to amalgamating school boards to find ways to reduce administrative expenses, streamlining services and finding savings to preserve funding for the classroom. The government is hoping to find savings of \$10.5 million in non-classroom expenditures by the amalgamation of public with public school boards and Catholic with Catholic school boards in the year 2013-14. It is also hoped that by 2014-15, through further amalgamations, that an additional \$16.7 million in savings will be generated.

This is not enough. The government's proposal will not generate significant savings nor result in reducing waste and duplication.

The Commission on the Reform of Ontario's Public Services was charged with the responsibility to identify areas of overlap and duplication that could be eliminated to save taxpayers' dollars. The question has to be asked: Why didn't the commission review this obvious area of overlap and duplication? Was there political interference? Was it an oversight by the commission?

Ontario is facing a serious financial challenge. The current Ontario deficit is approximately \$17 billion and growing, and the accumulated debt is approximately

\$250 billion and growing. Moody's Investors Service has warned that it might lower Ontario's credit rating if the province does not take serious steps in the next budget to deal with its multi-billion-dollar deficit. This in turn has created additional financial uncertainty. Now is the time to propose bold measures to address Ontario's long-term financial problems. Given Ontario's financial situation and given Moody's intention to lower Ontario's credit rating, the Minister of Finance has been quoted as saying that it shows that the government must be "relentless" in meeting its target to eliminate the province's deficit by 2017-18.

Civil Rights in Public Education suggests that the Ontario government review the current government policy of funding four publicly funded school systems in Ontario that account for billions of dollars of taxpayers' money. The four publicly funded school systems are: English public; English Catholic; French public; and French Catholic.

There are currently 72 publicly funded school boards in Ontario. There are 31 public school boards, 29 English Catholic school boards, four French public school boards, and eight French Catholic school boards. There are about 5,300 directors of education, supervisory officers and board administrative staff. Since 2003, enrolment in Ontario has declined by 128,000 students. The funding of Ontario's publicly funded school systems comes from the government's general revenues.

It should be noted that there are more Catholic school boards than public school boards, despite the fact that public school boards service more than twice as many students. This inequity is not cost-effective. There is overlap and duplication in education delivery and services between the coterminous public and Catholic school boards.

The proposed 2012-13 grants for student needs is approximately \$21 billion—up \$6.5 billion, or 45%, since 2003. This is becoming unsustainable.

Civil Rights in Public Education proposes that, instead of continuing to publicly fund four school systems, establish a single, non-sectarian, publicly funded school system made up of English- and French-language public school boards. Such a school system would meet the constitutional requirements of the province to provide public education to the English- and French-language population. There is no constitutional guarantee that obligates the province to fund religious-based schools, including Catholic schools.

The constitutional obligation used to justify the public funding of Ontario's Catholic schools can be removed by legislation. Recent constitutional history, as seen both by Quebec and Newfoundland, reinforces that point.

Having four publicly funded school boards involves an incredible amount of costly duplication and waste that should be addressed. For example:

Significant savings would be found in reducing the number of school boards as a result of reconfiguration of their boundaries into English- and French-language public school boards.

Significant savings would be found in school board administration: fewer board offices, directors, superintendents, senior officers, HR departments, IT departments and so forth.

Significant savings would be found in student transportation. Although there are transportation consortiums among coterminous public and separate school boards, there is still a great deal of overlap and duplication. For example, hundreds of thousands of students are bused to school every day. Tens of thousands are bused past their nearest publicly funded school to attend another publicly funded school.

This situation is only going to get worse as school boards are forced to close schools due to declining student enrolment. Under a single public school system, local community schools will be able to remain open, since they would be able to enrol students from both the previous public and Catholic systems. This would enhance efficiency and be more cost-effective than busing all the students to another school outside of their local community.

Significant efficiencies and savings would be realized in bulk purchasing of education materials, including textbooks, computers, paper, cleaning materials and so forth.

Other efficiencies and savings would be realized if the existing capital assets of the public and Catholic school systems were amalgamated and utilized; and significant efficiencies and savings would be realized in school operations and maintenance if the public and separate school systems were amalgamated.

English Catholic school boards generally receive higher funding than English public boards, while French public boards—the smaller boards on the French side—generally receive higher funding than French Catholic boards. French boards receive higher funding per pupil than English boards due to their more dispersed students and schools.

An analysis of the 2009-10 revenues from provincial funding forwarded to Ontario's four duplicate school systems indicates that separate boards receive 38% of those dollars for 32% of the students.

Specific examples of the breakdown I've outlined there for you: For the Ottawa area, the Ottawa-Carleton board in the coterminous Catholic and French, you can see the dollars and they can be worked out and they could be checked out by the ministry's own data.

The same thing for Hamilton: You see that the English public board gets \$10,561 per student and the English Catholic gets \$10,764, which is 1.9% more per student, and so on and so forth. That trend is across the province.

Catholic boards spend taxpayers' money each year advertising to ensure that as many Catholics as possible identify themselves as Catholic school supporters on municipal tax rolls, even though school board funding is determined based on enrolment and other documented needs. The purpose of this exercise is political and not financial.

Some school boards, both public and Catholic, often attempt to deal with declining enrolment by launching

recruitment campaigns to draw students away from their coterminous boards. In 2005, the Toronto Catholic board conducted a \$750,000 recruitment campaign.

Given the existing inefficiencies, even a paltry 5% could be saved through transformation of the existing four publicly funded school systems into a single public school system made up of English- and French-language school boards. These savings would be available each and every year and would amount to between \$750 million to \$1 billion.

The budget is proposing that hospital expansions be abandoned; wage rollbacks for public sector employees; and a whole host of other cuts, while these savings in the long term would help offset those cuts and would maintain strong social services.

Savings from the amalgamation—and I'll repeat—of the public and Catholic school boards could be used to maintain and enhance not only education but other social services that benefit all.

The economic situation confronting Ontario is daunting. It's time for bold proposals. The abolishment of public funding to the Roman Catholic school system is needed.

1400

The amalgamation of Catholic boards into a public, non-sectarian school system would not be difficult. There's great similarity. They teach the same curriculum. They have the same qualifications—

The Chair (Mr. Bob Delaney): And you have about one minute left.

Mr. Malcolm Buchanan: Yes. I'll just get to the point about the recommendations. The recommendation is that a single school system proposal addresses waste, reduces overlap, duplication in services and ensures best value for public money while disadvantaging no one.

Recommendations: that the Standing Committee on Finance and Economic Affairs request the Ministry of Education to carry out a comprehensive study of the potential cost savings that would be generated resulting from the amalgamation of Ontario's public and separate school systems.

Second recommendation: that the Standing Committee on Finance and Economic Affairs recommend to the Ontario Legislature that, commencing in the 2014-15 school year, Ontario's public and separate school systems be amalgamated into English and French non-sectarian public school boards.

The third and last recommendation: that the Standing Committee on Finance and Economic Affairs recommend to the Ontario Legislature that all direct and indirect public funding to Ontario's separate school system be terminated effective September 2014.

The Chair (Mr. Bob Delaney): Thank you very much. This round of questioning will come from the NDP. Mr. Prue.

Mr. Michael Prue: Actually—

The Chair (Mr. Bob Delaney): Oh, I'm sorry. Ms. Armstrong.

Ms. Teresa J. Armstrong: Thank you. First, I want to thank you, Mr. Buchanan, for your presentation. I know

you didn't get to read all of it out loud, but I guess the main message that you were coming to tell today, the story you tell today, was, if I understand correctly, you don't agree with the separate Catholic school board system as one of the pieces in there.

Mr. Malcolm Buchanan: Yes. Well, I do not disagree with the separate or Catholic separate school system, but it should not be funded publicly. They have every right to exist, but not on the public dime.

Ms. Teresa J. Armstrong: All right, and that's what I was referring to as well. So your proposal, then: You want to discontinue the funds of the Catholic—

Mr. Malcolm Buchanan: Absolutely.

Ms. Teresa J. Armstrong: And by doing that, how much do you think it'll save?

Mr. Malcolm Buchanan: It's a guesstimate, and nobody has been able to disprove this when we've talked to ministry officials about this. It could range between \$750 million to \$1 billion in the long term. If you start the amalgamation process in 2014-15, for example, there would be some savings, but not significant. The savings would potentially grow over a period of time as the school boards were amalgamated: all the property values, the school board problems in staffing. In the long term, it would generate quite a savings.

Ms. Teresa J. Armstrong: The one recommendation that you have here is that "the Standing Committee on Finance and Economic Affairs instruct the Ministry of Education to carry out a comprehensive study of the potential cost savings that would be generated"—

Mr. Malcolm Buchanan: Yes.

Ms. Teresa J. Armstrong: Do you know if anything like that has ever been done?

Mr. Malcolm Buchanan: One hears rumours that it has been done but it was buried, but I can't verify that. The Drummond commission should have done this, and they didn't. Submissions were made to them, along with myself and numerous other groups, and they did not study the issue.

Ms. Teresa J. Armstrong: Do you mind if I ask you a personal question?

Mr. Malcolm Buchanan: Absolutely.

Ms. Teresa J. Armstrong: What school did you teach at for secondary?

Mr. Malcolm Buchanan: I taught at Parkview vocational school in Hamilton.

Ms. Teresa J. Armstrong: Okay. And I assume that wasn't a Catholic school?

Mr. Malcolm Buchanan: It was a public school. I couldn't get into a Catholic school. I'd need a pastoral reference. I'm not a Catholic.

Ms. Teresa J. Armstrong: No, I just wondered—okay. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation.

ONTARIO RIVERS ALLIANCE

The Chair (Mr. Bob Delaney): I'm advised that our next two presentations haven't yet shown up. However,

the Ontario Rivers Alliance is here. So if you would kindly come forward, Linda Heron, and take a seat, make yourself comfortable. You'll have 10 minutes to present to us, followed by up to five minutes of questioning. This round, the rotation will be from the government. State your name for Hansard and then continue.

Ms. Linda Heron: Thank you, Mr. Chair. My name is Linda Heron, and I'm here today to represent the Ontario Rivers Alliance, a registered, not-for-profit, grassroots coalition with a focus on healthy river ecosystems all across Ontario. ORA members represent numerous organizations, such as the French River Delta Association, Vermilion River Stewardship, CPAWS-Ottawa Valley, Council of Canadians, Friends of Temagami, Paddle Canada, Whitewater Ontario and Mississippi Mills Riverkeepers, along with many other stewardships, associations and private and First Nation citizens who have come together to support healthy river ecosystems in Ontario and to ensure that watershed development is environmentally, ecologically and socially sustainable.

I speak to you also on a personal level as a mother and a grandmother, as I'm sure most of you here today can relate in your roles as parents, grandparents and caring and responsible citizens.

ORA wishes to express its concerns with the amendments to 69 acts in budget Bill 55, 11 of which are administered under our Environmental Bill of Rights. This is an erosion of our democratic rights and the Environmental Bill of Rights. As Gord Miller recently reported, "This budget bill is effectively the mother-of-all pieces of omnibus legislation." Since a budget bill is exempt from public input and comment, this move conveniently circumvents the normal scrutiny of a public consultation process. This is an obvious attempt to exempt public participation in amendments to legislation administered under our Environmental Bill of Rights.

ORA is deeply concerned that this government is not respecting its citizens' rights, which are to be guaranteed under the EBR, and it is especially troubling when some of these proposed amendments have the potential to cause significant environmental impacts. This is in clear violation of our democratic rights and of the Environmental Bill of Rights.

The delegation of powers by the minister is another concern. ORA has studied Bill 55, and a recurring statement throughout many of these amendments is, "The minister is permitted to delegate any or all of his or her duties and powers under this act to any other person."

These same amendments also stipulate:

"The minister may impose any conditions that the minister deems appropriate on the exercise of the powers by the delegate.

"Crown not liable for delegate's acts."

So, then, who will be liable and responsible to the Ontario taxpayers?

Under schedule 34, Lakes and Rivers Improvement Act, "The minister can delegate the authority to approve the construction, repair and use of dams." Of all the amendments, this one is of the greatest concern. This authority must not be left to an unelected official.

Downloading this authority would be a grievous error, as the types of dams encouraged by the FIT program have numerous negative impacts associated with them, including public health and safety issues, and could have serious repercussions.

In making these provisions, it appears the government is planning massive changes to MOE and MNR staff and roles, perhaps positioning these ministries for privatization of responsibilities and likely even intending to give developers the power of self-regulation. If this is true, it will undoubtedly be to the detriment and expense of our natural environment, endangered species and the citizens of Ontario. And again, Ontarians would be deprived of the opportunity to be consulted and to provide valuable input to such a major and important move. These ill-thought measures will only encourage more substandard business and environmental plans by developers and perhaps create a few short-lived jobs on the backs of our future generations.

Downloading of environmental and fisheries responsibilities: The federal government, with Bill C-38, intends to download its environmental and fisheries responsibilities to the provincial government, while the provincial government now appears ready to download its responsibilities to private corporations and developers, and this is an area of grave concern.

The proponent-led process: As a stakeholder, and in my role as chair of an organization addressing numerous hydroelectric proposals throughout the province, it has been my experience that the proponent-led process currently in place is clearly not working to protect the environment from the well-known and widely documented highly cumulative negative impacts of hydroelectric dams. Our riverine ecosystems and citizens of Ontario will have to live with these dam effects for many decades.

We have had first-hand evidence of this in the first three environmental reports issued under the new streamlined approvals process, where a developer was recently sent back to do more studies on one ER and has since voluntarily withdrawn the other two. In dealing with these proposals, ORA has experienced a lack of transparency, openness and accountability, and public and First Nation consultation has been sadly lacking. This has undermined stakeholder confidence in the entire process.

There have already been enough challenges with the current proponent-led process without indulging for-profit corporations in an even more streamlined, user-friendly, checkbox style, self-regulating system where there are few to no barriers to getting these proposals up and running quickly. Streamlining the process even further will only serve to undermine our already compromised environmental protection and lead to an unbalanced and unequal application of the law.

One of ORA's main requests of our ministers is to remove the proponent-led process and fully place MNR and MOE back into the business of ensuring the safety and protection of our environment, aquatic life and natural resources. This current EA and approvals process

has placed the fox in charge of the chicken coop already, and it appears likely to go to the next level if these amendments are allowed.

1410

In conclusion, it should be noted that the FIT program and Green Energy plan march forward unscathed, and yet the agencies responsible for overseeing and regulating our applications and approvals process and which are best suited for safeguarding our endangered species, environment and natural resources are due to be relegated to “more regional concerns.”

It is very difficult to decipher or predict the full intent and ramifications of the 69 acts being amended under this budget bill; however, it is clear that these changes are moving toward a self-regulating system and would enable a more streamlined and user-friendly approvals and development process. These changes will be to the detriment and expense of our natural environment, endangered species and the health and safety of the citizens of Ontario.

ORA recommends the following amendments to budget Bill 55:

—all references to amendments to acts that do not directly pertain to the budget are removed; or

—all amendments to acts administered under the EBR, schedules 15, 19, 23, 34, 58 and 59, are removed.

Any plans to move further into a self-regulating, proponent-led process must be posted on the Environmental Registry for public consultation and input. ORA also fully supports the submission by Ecojustice and the Canadian Environmental Law Association. If a budget bill is called a budget bill, it should only be about the budget.

ORA is asking our elected representatives to fulfill their responsibility to uphold and protect our environmental and democratic rights and to ensure the government’s first priority is to “the betterment of the people of the whole or any part of Ontario by providing for the protection, conservation and wise management in Ontario of the environment.”

Thank you very much for this opportunity.

The Chair (Mr. Bob Delaney): And thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair. Thank you very much for your submission. I really appreciate you coming down here today to Queen’s Park.

I’ve got a couple of questions in regard to some other initiatives, as it relates to the environment in the budget as well, and your views on them.

One of the items that the government has proposed in the budget is increasing water-taking charges for commercial and industrial water users, which incents businesses to better conserve water and ensure more efficient and sustainable processes. Is that something your organization supports?

Ms. Linda Heron: We haven’t had to deal too much with water taking at this point, but, you know, I think any water that is taken from our aquifers or lakes and rivers, really, we have to think very seriously about it.

These hydroelectric dams are one area that will really reduce the amount of water available to the public for their own personal needs. We have many people on these river systems who are dependent on water quality and water quantity. A lot of municipalities and cities are dependent on the river water and the lake water for their public drinking water. We would have to look very seriously at any additional water taking, and that’s one of the things that these hydroelectric dams do, is they really take out of our systems.

Mr. Yasir Naqvi: So I would think that the Ontario Rivers Alliance will support any measures that will incent commercial-industrial users to conserve the use of water.

Ms. Linda Heron: Yes. Yes, definitely.

Mr. Yasir Naqvi: Thank you. My other question was around another proposal in the budget that deals with increasing fees for hazardous waste. Previously—they have not been updated since 2002, which has been some time. The government has felt that increasing the fee would provide greater incentives to reduce and recycle waste. Is that something the Ontario Rivers Alliance will support as well?

Ms. Linda Heron: Definitely. If increased fees will also carry with them tighter, more restrictive rules and regulations for transporting, yes.

Mr. Yasir Naqvi: Great. Thank you very much for your time. I really appreciate it.

Ms. Linda Heron: Okay. Thank you.

The Chair (Mr. Bob Delaney): Thank you for your deputation.

ONTARIO MUNICIPAL SOCIAL SERVICES ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Ontario Municipal Social Services Association—Kira Heineck.

Ms. Kira Heineck: Hello.

The Chair (Mr. Bob Delaney): Good afternoon. Have a seat, make yourself comfortable.

Ms. Kira Heineck: Thank you. Good afternoon.

The Chair (Mr. Bob Delaney): You’ll have 10 minutes to make your remarks, followed by up to five minutes of questioning. In this rotation, your questions will come from the PC Party. Please state your name for Hansard and begin.

Ms. Kira Heineck: Thank you. My name is Kira Heineck. I’m the executive director at the Ontario Municipal Social Services Association, and thank you to all the committee, to Mr. Chair, Madam Vice-Chair, for the opportunity to speak to you this afternoon.

OMSSA recognizes the difficult task that the government of Ontario has faced. Ontarians rely on the government to draw a fiscal blueprint that will steer the province toward sound economic times. At the same time, Ontarians also rely on the government to provide a safety net and strong public services, even through times of economic challenge. In fact, it is at times of greatest

economic challenge that the most vulnerable in Ontario need strong human and social services.

OMSSA represents the municipal staff across Ontario that plan, manage and deliver the basket of human services, including child care, housing and homelessness, employment, training and social assistance services. We are the CMSMs and DSSABs—consolidated municipal service managers and district social services administration boards. Our members believe that a fully integrated approach to human services will result in both more focused, holistic services for those who need them and in efficiencies in planning and delivery from streamlining those services.

Taking the person or family's point of view on how to best plan and deliver social services to support them allows us to quickly move to a systems perspective. People do not exist in silos: They often don't need just one thing. Nor do they accept that it is okay that actions in one government service area contradict or make impossible their access to services and supports in a different area. People and the communities they live in need an integrated system of supports and services that all work together as one. It is with this perspective in mind that OMSSA offers the following comments on the current budget.

The addition of a three-year envelope of new funding for child care is exactly the type of systems-level support Ontario needs. This funding will help our members and others in the broader child care community continue to modernize the system of early learning and child care services to make sure that children have the best access to early childhood development environments and that parents get and keep good jobs. OMSSA applauds the government for working across party lines to recognize the importance of additional funding for child care.

These new dollars will help to mitigate some of the consequences of the implementation of full-day kindergarten. Of course, as we've stated in many other places, we're in full support of full-day kindergarten as well. Since the rollout of full-day kindergarten began, we have been working with the Minister of Education to help keep the impact on child care top of mind. An injection of funding to help offset the costs of the transition for child care is one component of a comprehensive, systematic plan that OMSSA has been encouraging, and we appreciate the government's action. That this action was taken even in the wake of a very high-profile recommendation in the Drummond report to cancel full-day kindergarten demonstrates even more clearly the government's commitment.

The 1% increase to benefit rates for Ontario Works and Ontario Disability Support Program recipients will provide some additional assistance to folks in the coming year, but we all know that the amount per month amounts to little more than two transit tickets.

OMSSA, as I am sure all of you are, is looking forward to the report that will soon be tabled by the Commission for the Review of Social Assistance in Ontario. We anticipate that the report will outline real change and

encourage all parties in Ontario to work together to use this opportunity to transform our social assistance programs into an integrated employment and income support system that can become a new standard in Canada.

There are other changes, however, in this year's budget that not only do not support a systems approach, but actively work against it. This is where seemingly one-off changes such as eliminating the community start-up and maintenance benefit—CSUMB—the new cap on non-health and health-related discretionary benefits and cancelling the home repairs program for people in receipt of social assistance have a ricocheting domino effect through other parts of the housing and social services system with devastating impact.

Our members use these benefits with hundreds of families across the province every year to do things like:

- help a person leaving homelessness into housing with first and last months' rent;
- support the transportation costs for recipients of social assistance so they can access and participate in training and educational programs;
- assist with utility and energy costs so the fridge, the heat and the lights can stay on;
- replace broken hearing aids;
- provide emergency food to families;
- repair homes so that people can stay housed;
- buy cribs, beds, desks and chairs for a family leaving a shelter and moving into their new home.

Time today does not allow me to go into much or greater detail, but OMSSA is preparing a deeper analysis and summary and will be sharing it with provincial decision-makers over the summer.

Keeping our systems approach in mind, one key point that is important to spend some time on today is that the loss of each of these programs will result in less supports for individuals and families in other parts of the broader system: less for those trying to move from homelessness to housing, less for those needing access to training and less opportunity for people to move away from dependence on the system to self-sufficiency and the ability to contribute to the tax base.

1420

These outcomes run contrary to the province's own stated goals in other areas, including the long-term affordable housing strategy, which very laudably takes a housing-first approach. In other words, one hand has taken away some of the tools that allow the other hand of the same body to achieve the same goals. The continuum of supports and services to meet the range of human needs can be understood as one organism and as one system, and you can't make a change in one part without it having an effect elsewhere. Therefore, even the success of the LTAHS and all the important work that has gone into its development are in jeopardy by the decisions mentioned above.

In addition, these changes work against the goals of the province's poverty reduction agenda that have been a focus for almost half a decade.

It is true that half the amount of funding for the CSUMB after it will end will be directed to the new con-

solidated housing and homelessness program. We await the details of this program in the summer. But no math, no matter how creative, will allow our members to meet the needs that are out there—that have not also conveniently halved, of course, but are actually growing—through the new program. Our members face the same expectation from their communities for service as they did before the budget.

It is important to remember, at this point, that the eligibility requirements of what was originally the CSUB, the community start-up benefit, were expanded in light of the recommendations in 2004 from the Walking on Eggshells report and with a corresponding spike at the same time in energy costs. That turned the CSUB into the CSUMB. Those situations haven't changed—incidence of domestic violence, lack of supports for women and families and high energy costs remain.

What this tells us is that the pressure on CSUMB is a result of dealing with people in recognized crisis. It has grown over the years because the crises have grown. No amount of flexibility in using fewer dollars will allow DSSABs and CMSMs to more effectively help solve these issues or provide supports to women in crisis.

While it's technically true that municipalities can make different decisions on their service levels through these types of programs, and/or to fill the new gap in provincial funding with their own 100% dollars, it is imperative that committee members understand that there is a limit on how much CMSMs and DSSABs can fill the gaps resulting from changes such as the ones I've touched on—changes that create increasing pressure on municipal budgets to meet the same or higher public expectations for service.

In moving forward, there is a role for everyone. We can maximize the opportunities presented by the good things in this budget, such as the new child care funding, and work together to mitigate the impact as best we can stemming from the cancellation of things like CSUMB.

The Chair (Mr. Bob Delaney): And just to remind you, you've got a little more than a minute to go.

Ms. Kira Heineck: Thank you.

We can work together in learning from the consequences of seemingly isolated changes on the broader system to make sure future changes support systems improvements that better support positive outcomes for every person.

It is time—and another critical point made by this budget—to continue to develop the provincial and municipal partnership on what is needed by both partners to develop and support a vigorous housing and social services system, even in challenging economic times.

Only through ongoing and iterative collaboration on all stages of design can we identify and create the best framework for a more integrated and streamlined system of services. And only through long-term, collective planning can we move today toward a thriving system that responds to the calls of the Drummond report, as well as the language in this very budget, for a people-centred, integrated system that is aligned across sectors, and

works toward the outcomes that enable resiliency in the people and communities across Ontario.

We look forward to doing our part and to continuing to work with you. Thank you.

The Chair (Mr. Bob Delaney): Good timing. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Chair, and thank you very much, Ms. Heineck, for a good presentation.

I think I don't have to give you a lecture on how budgets work. It doesn't matter whether they're in power or we're in power or this party's in power, we all have been and, arguably, at some point, we all will be—but we all have the same problem, and that is, it's a bit like a shell game. We move it around, but there's only one pea under one of the shells and it's going to be somewhere. That pea is the money. Parties, I suppose, because of their different partisanships, have different priorities, but our priorities always have to reflect what the public needs.

What you've said, when you started, is that given the fact that money is scarce these days, and not likely to become more plentiful any time soon, we've got some things we have to do.

You talked about grouping services for more efficiency, but you didn't give much in the way of example, and I'd be interested to hear how you would do that in a particular—let's call it—geographic sector.

Ms. Kira Heineck: I have with me some examples of local service system management that have worked in a more integrated way that start to show us some of the outcomes. A particular high-profile example recently is something called Employment Halton, which takes funding and program elements from across a number of sectors and programs and delivers a client-focused employment and training program. They've exceeded their targets for placing people in good jobs by something like over 100% in some areas.

I have with me one copy of each of those, but we are planning on preparing a written submission and sending it to all of you on Tuesday that will include more of that.

Another example would very much be what's developing in two other exciting areas in the province right now, one being early learning and child care where having child care come into the Ministry of Education is a very important first step in seeing that as a holistic service and starting to develop a program and funding environment that is more integrated.

Another example is the long-term affordable housing strategy that I referenced—

Mr. Peter Shurman: If I can interrupt you—and I'm only doing that because we've got a very limited amount of time, with five minutes. If you take a look at some of the things that you've mentioned and so many more that you haven't mentioned, the allusion or even the statement that you made in your original few minutes was to the effect that oftentimes people are in need of multiple services in these spheres that you're talking about, and that if you group them, you can deal with a client-centric

situation as opposed to making them go here and there and somewhere else and fill out a form for each one or whatever it happens to be—interview somebody; be interviewed by somebody different. You're talking about improving efficiency by bringing that down to a focal point. Is that—

Ms. Kira Heineck: Yes, absolutely, and I'm glad to hear that—do you use that language? Two main points: One is that if we're going to do that effectively and truly find the efficiencies—and I want to reserve a moment through a point on that as well—we need to work together, and that's another key part of my presentation: that the province and the municipalities and our members, who are the staff of municipal governments in these areas, come together to work out those details because of the unintended consequences often when actions are taken in an isolated way.

The second point about efficiencies I think is important. We are seeing that, through streamlining from a person-centred point of view, we can do things more efficiently. In the long run we can expect savings, but in the short term, especially when change is happening in so many sectors at the same time, I think we have to be honest about short-term supports that are required to get us from A to B. In a situation like losing CSUMB, even while we're trying to develop a more housing-centric approach with local autonomy and flexibility in the kind of tools we've asked for, in the transition it makes things much more difficult, and in that transition period you may lose your opportunity for efficiencies.

Mr. Peter Shurman: We've got one minute left. I'm going to ask you a question that requires an answer you could give me in half an hour; try to do it in 45 seconds.

Ms. Kira Heineck: Sure. I will try.

Mr. Peter Shurman: We have a \$15-billion deficit in the budget we're considering now, and inside that budget we have an interest cost of almost \$11 billion a year. Lots of services there that you could provide. But that government is trying to bring things down, from a deficit perspective; certainly we would, if we were in power. How do you recommend we do that and supply all these services?

Ms. Kira Heineck: I think that one of the questions we'd have to ask is on the revenue side. OMSSA, in particular, is interested in social policy and programs. I'm answering that question a bit more as Kira Heineck, ED, and I need to be clear about that. OMSSA does not have an official position yet. We're working on one in the summer, as I said, and we'll bring it forward.

But I think looking at the revenue side is important. I also think that the main point of making sure that changes you make while facing a tough economic climate—and we do support the need for those changes so that in the long term we're all better off, but how you do those changes needs to be from a systems perspective, so that we don't have the unintended consequences like CSUMB, which is really the single most dramatic change in this budget that we'll be dealing with in the next few years.

Mr. Peter Shurman: Thank you so much.

The Chair (Mr. Bob Delaney): On that thought, I'm going to have to pull the plug.

Ms. Kira Heineck: All right. Thank you for your questions, sir.

The Chair (Mr. Bob Delaney): Thank you very much.

ONTARIO COLLEGE OF ADMINISTRATIVE STAFF ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation comes from the Ontario College of Administrative Staff Association: Diane Posterski. Good afternoon. You'll have 10 minutes to make your presentation to the committee this afternoon, followed by up to five minutes of questioning. In this rotation, your questions will come from the NDP. Please state your name for Hansard and begin.

1430

Ms. Diane Posterski: Thank you. My name is Diane Posterski, and I thank you for the opportunity to present to you today. I am the executive director of OCASA, the Ontario College Administrative Staff Association. We represent the interests of managers and leaders in Ontario's colleges of applied arts and technology and institutes of technology and advanced learning. We are those who are responsible for providing leadership in strategic and business planning to support the delivery of effective programming, which in turn is creating the skilled workforce Ontario needs for its economic success. Our members include vice-presidents, directors, deans, managers, executive assistants and supervisors.

I would like to speak to you today about the recent legislation, schedule 5, Broader Public Sector Accountability Act, 2012, and in particular the language in section 7.3(1) of the act, where deans in colleges are included in the definition of executives for purposes of wage restraint. We are clear in our assertion that this inclusion is not consistent with college structures and inappropriately identifies a management group and creates unnecessary inequities within college administration.

Furthermore, though this is a fairly particular issue we're raising, it has a far-reaching impact on the ability of Ontario colleges to recruit and retain talent into academic leadership, particularly from faculty, while ensuring programming meets the needs of today's industry and the future economy.

Available for your interest also is one background document, including our pre-budget submission to the Minister of Finance.

First, let me say a few words about deans and their roles in colleges. The term "dean" often conjures up pictures of a prestigious position in an academic institution.

There is no doubt that deans are absolutely critical to the success of colleges; they work with industry, community and faculty to bring relevant, forward-looking

programs that address the needs of a skilled workforce and a strong economy. Administratively, they tend to the needs of students—often those with challenges—faculty supervision and scheduling, materials and ever-changing technology, budgets and administration, business plans, reports, hiring, performance management, legislative compliance and so on. And they're charged with finding funding partners in industry to support their schools.

They work extremely long days and weeks and months. And in lean times, their titles are often too long for a mailing label, as more schools are put under the leadership of one dean.

Yet in colleges, deans are the third tier down, reporting to the vice-president academic. They're not included in the executive meetings. Although deans are often recruited from faculty, with a firm knowledge of the college structure, the position is that of a full-time manager. Deans are not faculty members who rotate into the dean's role and back into faculty, as happens in some universities. They are administrators, managers, part of a larger leadership team within the college structure. And don't be mistaken; they are a passionate, highly educated group of college leaders, dedicated to their jobs, but still more at the operational level.

Here's a particular challenge in colleges right now that heightens the importance of this issue: If the role of college dean was once desirable, it is less so now. Working conditions are becoming less attractive. With the past two years of wage restraint and longer hours than ever, faculty just aren't interested in the job. As one human resources director recently noted, some faculty are currently earning more than their supervisors, those being deans.

All of our deans are external hires. Academic staff members rarely apply and certainly do not apply to become chairs, which gives them some management experience before jumping into a dean's role.

This might not be the experience everywhere, but it is a trend, and we at OCASA hear about it often. We also hear about succession planning or, rather, the challenges of it, particularly with looming retirements on the horizon. Institutional knowledge is leaving the colleges at alarming rates, and yet new hires into academic leadership are increasingly from the outside, simply because faculty see no benefit in making the move into academic leadership. The expertise of academic programming and an understanding of the learning environment for deans is becoming threatened.

Wage restraint for deans will only exacerbate this situation. We know that 35% of administrators are eligible for some form of retirement right now, while 11% are eligible for unreduced retirement. Many will be thinking about accelerating their exit date, adding even more stress to the academic leadership capacity.

Hinted at in the quotation above by the HR director is that salary compression is only intensifying after the past two years of wage restraint. Entry-level deans sometimes earn less than those they supervise. Deans' salaries represent a very small percentage of budgets. Administrative

salaries in total, including presidents, vice-presidents, deans, chairs, administrative assistants and others—and we're talking the operational side of colleges. All of those facets, as well as the academic side, account for only 14% of all college expenditures. The portion of that for deans is minuscule.

The inclusion of deans specifically in wage restraint is a malaligned target accomplishing little on the budgets, yet risking greater erosion of much-needed leadership and creating unnecessary inequities within the college management structure.

In conclusion, OCASA and its members understand the economic and political landscape. Wage restraint at the executive level for the public sector is understandable. But choosing one title—that being dean—beyond that clearly definable executive group simply makes no sense in the college context, and it creates inequities at the operational level, which is counterproductive.

The Drummond report noted that wage restraint for administrators delivers little savings and great risk. This is no more evident in colleges right now than with deans as academic managers. Targeting this group is short-sighted and will have long-lasting effects on a system that has been so successful in supporting Ontario's economic agenda for the future economic prosperity and growth of Ontario.

OCASA recommends the following:

—that subsection 7.3(1) of schedule 5 be amended by removing the title of “deans” at the colleges from the legislation;

—alternatively, a fixed dollar amount be used to determine which employees are included in the wage restraint to find some equitable application of this legislation. We recommend \$150,000 being used as the benchmark. This would eliminate inequities within the college structure as wage restraint is extended for two more years.

I thank you for the opportunity to comment on this legislation. We urge you to consider the far-reaching negative effects of including deans and other titles outside of true executive positions. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Ms. Armstrong?

Ms. Teresa J. Armstrong: I think it's Mr. Prue next.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: All right, thank you.

Ms. Teresa J. Armstrong: We're sharing.

Mr. Michael Prue: We're sharing. All right.

We had a similar deputation from another group earlier in the process. The problem comes right down to the simple definition. As I see it, you have a dean in a university who is a person of considerably—probably—more stature, prominence and wage scale than a dean in a community college. What you simply want is to have this removed. Could you give the dean another name in a community college and resolve the whole issue? Because that's really what it's coming down to.

Ms. Diane Posterski: That is simply it. The definitions in that section higher above that talk about executive positions—it's very clear what the intent is, but the

inclusion of deans in the same sentence as universities and colleges actually creates a little bit of chaos at the college level, and it would be very difficult to operationalize.

Mr. Michael Prue: So there would be two ways to remedy this. One, the college could change the name of dean to something else—

Ms. Diane Posterski: Well, there are 24 colleges.

Mr. Michael Prue: Okay. Or the government could change the legislation to exclude college deans and only include university deans.

Ms. Diane Posterski: I would be very satisfied with that.

Mr. Michael Prue: You would think the second one was—that's where I'm coming to: Which one is the better option? The second one?

Ms. Diane Posterski: Colleges are not going to change the titles, not in one fell swoop.

But quite simply, when we first read it we thought, "Surely, someone who wrote this just didn't understand the difference in the two systems."

Mr. Michael Prue: I am all but guaranteed that's the case.

Ms. Diane Posterski: Right. It would only make sense to change that language enough so that this can be operationalized at the college level. We understand the intent.

Mr. Michael Prue: Okay, thank you. Those would be my questions.

The Chair (Mr. Bob Delaney): And thank you very much for your presentation here today.

Ms. Diane Posterski: Thank you. I appreciate it. Thank you.

1440

DOCTORS FOR FAIR TAXATION

The Chair (Mr. Bob Delaney): Our next presentation is Doctors for Fair Taxation, Michael Rachlis and Tanya Zakrison. Good afternoon, and welcome.

Dr. Tanya Zakrison: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks to the committee, after which there will be up to five minutes for questions. Please begin by stating your names for Hansard and then carry on.

Dr. Michael Rachlis: My name is Dr. Michael Rachlis, and I'm joined by Dr. Tanya Zakrison. I am a public health physician. I work as a consultant in policy analysis, and I'm an associate professor, part-time, at the University of Toronto. Dr. Zakrison is a trauma surgeon at a downtown Toronto hospital.

I'm going to start off our presentation, and we're going to share this a little bit.

Doctors for Fair Taxation is pleased that the New Democratic Party and the Liberal Party have agreed to levy a surtax on income above \$500,000 as part of the 2012 budget. As you may be aware, we're not the only ones. Lawyers for Fair Taxation also supported this

measure, as did 78% of Ontarians, according to a recent Forum Research poll. However, we recommend that the parties in the Legislature go further to ensure tax fairness in this province.

Almost all the economic gains of the past decade have gone to Canada's top 10%, but our taxes have not gone up accordingly. And now that governments are dealing with deficits, the main ideas on the table are to cut programs that we all rely on. Instead of cutting public services—we say to the Ontario government, that's not healthy. We know governments need to be prudent, but there's another component to debt reduction, and that is to raise revenue through fair taxation.

Dr. Tanya Zakrison: We know there's a large body of scientific evidence that clearly demonstrates that health outcomes are worse in less equal societies. In particular, inequality leads to increased violence and homicides. As a trauma surgeon, I witness this every day in the emergency department, when young people present with severe and often life-threatening injuries after violent altercations.

My patients feel alienated from mainstream opportunities. They see their families getting poorer over time, and they turn to unorthodox income generation and engage in escalating and often violent tactics of social competition.

And it's not just the poor who suffer in unequal societies. We can all think to the events at the Eaton Centre last Saturday, and that demonstrates that all Canadians suffer when there is increased economic inequality.

Why are we talking about cutting back programs and services that give young people options other than gangs and drugs? You've been very busy in this room today, and I don't know if you've had the chance to read today's Star. Royson James has a column that it's insane to fire youth workers, and I would agree with that. It's concerning, because if Toronto city council doesn't actually find the funding, the city will shortly lay off 17 of 29 youth workers, 17 out of 29 who are helping kids in our priority neighbourhoods.

Our question to you today is: Why aren't we talking about those of us with higher incomes paying our fair share of tax?

Dr. Michael Rachlis: And it's not just violence. Low-income Ontarians are two to four times more likely to develop diabetes, but they can't afford to control their disease. The research from Toronto shows that Ontarians with diabetes know what they're supposed to do, but they simply cannot afford to eat a healthy diet. This is just another example of how economic inequalities lead to health problems that raise the cost of our health care and our social services system. It would be more efficient to ensure recreation and education programs for kids and healthy food for diabetics than to pay for trauma surgery and dialysis. We would all be healthier and safer as a result.

Canadian governments have slashed taxes in the past 10 years by the equivalent of \$100 billion of forgone

revenue every year. Our group, Doctors for Fair Taxation, is calling for four new Ontario income tax brackets at \$100,000, \$170,000, \$640,000 and \$1.85 million, which correspond to the top 10%, 1%, one tenth of 1% and one one-hundredth of 1% of people with taxable incomes. I rush to add, these are taxable incomes. For a physician, a taxable income of \$170,000 would certainly be a gross income of well over \$250,000 for most.

We estimate that our proposal would raise \$1.7 billion in new revenue for the Ontario government. There is massive popular support for more progressive taxation. In fact, across the political spectrum, the Forum institute found very strong support for this small surtax on income above \$500,000. But this is an exceptionally modest proposal.

Currently, the highest marginal tax bracket is 46% on income above \$132,000, but this is a flat tax on Ontario's well-to-do. Doctors pay the same rate as billionaires. In fact—and this may be of particular interest to you folks in this room—most MPPs now pay the same highest marginal tax rate as the worst player on the Toronto Maple Leafs, and I honestly believe that all of you are providing much better value for money.

Consider that during Ontario's greatest years of economic growth in the 1950s and 1960s, the highest marginal tax rates were nearly 80%. The tax system is more in fairness than historically low marginal income tax rates. For example, many Ontario doctors are incorporated, and their highest marginal tax rate can be much lower than 46%. Canada's corporate tax rates are the lowest of the G7 countries, and Canada is the only country without some sort of estate tax.

We need a broader conversation on taxes in this province and in this country, so we applaud the Legislature for opening up this conversation this year, but we feel this is just a beginning. We would like you folks to urge that the Ontario Standing Committee on Finance and Economic Affairs investigate other options for fair revenue generation, including increasing corporate tax rates, and bring forth proposals in time for the 2013 Ontario budget. It is time for a rational conversation on taxes, and it seems entirely appropriate for the conversation to start with this committee. As best we are able to, our group would be pleased to serve as a resource to you as part of this conversation.

Dr. Tanya Zakrison: At the base, our argument is a moral one. How can we ask low-income Ontarians to receive less without asking high-income earners to pay more? We can afford to pay higher taxes to support a healthier Ontario. We can't afford more inequality. Our message to all provincial parties is clear: Tax us. Ontario is worth it. We look forward to any questions you may have for us. Thank you very much for your attention.

The Chair (Mr. Bob Delaney): Well, thank you. I'm sure you've not seen your committee Chair play goal lately, then. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair. Thank you to both the doctors for being here today. As I hear you, you support the budget measure around putting

a 2% extra tax on those Ontarians who make \$500,000 and more?

Dr. Tanya Zakrison: Correct.

Mr. Yasir Naqvi: Do you support the budget measure around freezing any decrease in the corporate tax rate and the business education tax rate?

Dr. Michael Rachlis: Our specific recommendations are around income tax, and we do support the agreement that the two parties have come to on this. We're saying that's great. We're really pleased that you've done this. Now you can see that there's massive political support for this. We want you to be bolder and go further. In particular, let's have a longer conversation about more taxes than just personal income tax. We chose to focus on that strategically for communications purposes because it makes for an easier discussion, but we feel we have to open up the discussion on those other taxes.

Mr. Yasir Naqvi: I understand that and appreciate that, but you support freezing reductions in corporate taxes as well?

Dr. Tanya Zakrison: Yes. Of course we do.

Mr. Yasir Naqvi: I'd like to get your views about the government's action plan on health care, where the focus is to invest more in community-based care to ensure that seniors and patients with chronic needs get care within the community—a community-centred, more patient-focused health care system. Is that a step you support in terms of health care delivery?

Dr. Tanya Zakrison: Again, as a group, Doctors for Fair Taxation, we have no official stance on that. I can speak to you as an individual physician and a surgeon. It would depend on what the evidence is supporting that, but certainly care out in the communities may be beneficial. It may be detrimental. It would depend on if we're scaling back on the support that patients need. It depends on if we're looking more of a "preventive, upstream" model versus a "reactive, downstream and treating the diseases but out in the community" type of model. I'd need to be better informed in terms of: Has that worked elsewhere in the country? Has that worked in other countries? Have the outcomes been positive for patients? If there's solid evidence for that, then of course I would be supportive of that.

Dr. Michael Rachlis: But again, what we're really here to talk about today is to focus on how we can more effectively move care to the community if in fact people don't have a house to live in or if they don't have food that they can afford. Many of us are involved in health care system issues, and I'm certainly fully involved with that—

Mr. Yasir Naqvi: Thank you. I'm just mindful of the limited time, and I have a couple of more questions to ask. I totally agree with you around the social determinants of health.

Dr. Tanya Zakrison: It's much more than medical care.

Mr. Yasir Naqvi: Yes, I know, and I totally agree with you. That's why I'm going to my next question, which is an important one. I think, when we talk about

community care, all those factors are very much part and parcel, to ensure that people get more than just health care.

My next question is around your point of view, and you are physicians, so I think you are in a position to give some views on this, on the changes that have been brought forward in terms of the OHIP fees, taking those monies and investing in the community and ensuring that we are putting more money towards better primary care, better preventive care. Would you support that type of measure? It really addresses inequity issues in our society as well, in terms of health care provision.

1450

Dr. Tanya Zakrison: It's a good question. We're not here, as you know, officially on behalf of the OMA, or we have no official stance on that. Our perspective mainly is that broadening the discussion on taxation of higher-income earners to address the issues in terms of social programs within society and how to support our vulnerable populations best is something that needs to continue, as the government has started to do.

Mr. Yasir Naqvi: But I'm just asking a simple question: Would you support having a real freeze for two years on doctors' salaries, which they receive through OHIP, so that we can use those monies for better care, in order to address the kind of inequities and chronic care situations that you were talking about in your submission?

Dr. Michael Rachlis: There's a lot to talk about in terms of health reform in the province. Again, we don't have policies on those positions. Our focus really—and we're hoping you have questions for us on this—is on the tax issue and the fact that we feel that, regardless of how much money doctors make or bank presidents make or MPPs make, if we are high-income earners, at a time when we're telling the poor and vulnerable in society that they can't have what they apparently need, there's a moral issue that all of us should be paying our fair share. We applaud you for what you've done so far, this small step in that direction. We think that that's a really good start. But we feel that we need to have a lot more conversation about economic inequality. Medicare is based on the notion that all Canadians deserve to have the same excellent health care no matter who they are, but we would like to see that principle extended to other needs that people have.

Mr. Yasir Naqvi: Thank you. I applaud your skating capabilities.

The Chair (Mr. Bob Delaney): On that note, I'd like to thank you as well for a very interesting deputation.

ONTARIO WATERPOWER ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Ontario Waterpower Association, Paul Norris. Good afternoon. If you've been here for a little while, you have kind of picked up the ground rules. You've got 10 minutes to make your remarks, followed by up to five minutes of questions; this rotation will

come from the opposition. Please state your name for Hansard and begin.

Mr. Paul Norris: Great. Thanks for the opportunity to provide input and advice. My name is Paul Norris. I am president of the Ontario Waterpower Association. Our organization represents the owners and operators of and service providers to the province's most affordable, reliable and durable source of electricity: water power.

I'd like to begin by providing you with an appreciation of our sector's contribution to the provincial economy. Our more than 200 existing facilities with an installed capacity of over 8,000 megawatts account on average for almost one quarter of our electricity supply. These assets have a replacement value of approximately \$40 billion. Because these assets and every new megawatt of water power that is constructed literally last forever, water power is critical to moderating electricity prices, particularly over the long term. In fact, a recent survey of Canadian jurisdictions demonstrated a remarkable correlation between the relative percentage of provincial supply that is water power and the residential price of electricity. In short, more water power equals lower prices.

In addition, the water power industry is, uniquely amongst energy sources, a significant contributor to broader provincial priorities through resource-based revenues. At present, more than \$150 million is contributed annually to the consolidated revenue fund from water power resource royalties. Beyond moderating electricity prices and maintaining grid reliability, the realization of Ontario's 3,000 to 5,000 megawatts of untapped practical potential would yield an additional \$60 million to \$90 million annually to the province. This level of stable, steady investment over the period targeted for the elimination of the deficit would also create 40,000 to 65,000 jobs.

This brings me to the elements of the bill before you of direct relevance to our sector. In order to have stable, steady investment, you need reasoned and rational regulation. In Ontario, it takes a minimum of five years to bring a new water power facility into operation and, in many cases, much longer, regardless of the project's size. In a typical development life cycle, more than half of that time and up to 15% or more of the development costs are spent on pre-construction assessments, permits and approvals. In addition, existing facilities have been made the subject of new legislative requirements, introduced long after they were constructed.

I want to make it clear that our sector and organization are strongly committed to advancing ecological sustainability and to continuing to earn and maintain our social licence. What concerns us is the unnecessary overlap and duplication of policy, processes and permitting requirements. From our perspective, this bill includes some significant improvements in this regard and, with one addition I will recommend, can reduce redundancy for the water power sector and encourage investment in existing and new facilities while maintaining environmental protection. Let me turn to the three pieces of legislation specific to our sector.

The first is schedule 19 of the Endangered Species Act. As an organization that provided input and advice to Bill 184 in the first instance, and as a member of the Species at Risk Program Advisory Committee, I have been actively involved in this legislation for some time. Since its passage, our organization has taken a leadership role in working with government to prepare a series of best management practices for a number of listed species. I've brought two examples of those with me here today: our best management practices on American eel and our best management practices on lake sturgeon that I'll leave with the clerk. For us, it's not a question of whether we direct efforts toward achieving the objectives of the endangered species legislation; rather, it's a question of how.

As a general observation, I believe that any new legislation should be subject to an adaptive management approach—that is, monitoring, evaluation, adjustment and improvement. No one should begin with the premise that any legislative framework is perfect from the outset. I am supportive, therefore, of the government's initiative to amend the legislation based on lessons learned through its practical application. As I see it, the proposed amendments, and particularly those in section 18, focus on the balance between prescription and flexibility, which was a core tenet of the public policy framework which guided the creation of this legislation at the outset.

For water power, there are very specific and unique regulatory provisions for existing facilities. Rather than overall benefit, regulation provides for an agreement which includes mitigation, monitoring and reporting requirements. In this case, I believe this is a reasonable standard if implemented properly. In our experience to date, however, the outcome of these agreements often mirrors the provisions of, or can be incorporated into, existing permits and approvals; yet an unintended consequence has been a process that can take more than a year and trigger an environmental assessment. Again, I want to emphasize that this is for existing facilities; this isn't new construction.

For the construction and subsequent operation of a new facility, there's a confusing combination of permits and agreements that is possible, with unknown requirements, notwithstanding the authority that the Ministry of Natural Resources already has pursuant to the Lakes and Rivers Improvement Act. They choose the location of the facility, the design of the facility and how the facility is operated. They have absolute authority with respect to new development of hydro. I expect other sectors with capital-intensive projects such as ours are facing the same challenges and uncertainty.

As proposed in the amendments, expanding the opportunity to recognize through regulation the provisions of other legislation is an important step forward in rationalizing the multiplicity of requirements to which our sector is subject. I remain confident that the regulatory framework which the amendment enables will respect and contribute to the achievement of the objectives of the legislation.

I would also like to express our support for the proposed amendments to the Lakes and Rivers Improvement Act. This proposal is a targeted administrative change that creates consistency with respect to the practical application and use of the term "plan" for new and existing facilities. The amendment builds on and helps implement the significant improvements made by the Ministry of Natural Resources in modernizing Ontario's standards and technical guidelines pursuant to the Lakes and Rivers Improvement Act, as introduced in August 2011. It also enables the establishment of a consistent compliance framework across dam owners.

The Chair (Mr. Bob Delaney): I have to remind you that you've got about a minute left.

Mr. Paul Norris: I'm good.

Finally, I want to get to the Ontario Water Resources Act—and I was here for some time, as you noted. I'd like to correct for the record that water park facilities do not take water. We store water, we pass water, we produce electricity. We're a non-consumptive use of the commodity, unlike bottled water, for example.

There is an opportunity to achieve efficiencies through the elimination of overlap in water legislation, regulation and policy. We for some time and on multiple occasions have recommended the removal of unnecessary duplication and burden for hydro facilities pursuant to the Lakes and Rivers Improvement Act, as administered by MNR, and the Ontario Water Resources Act, as administered by MOE.

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In our view, to rectify this overlap and duplication, an amendment to the Ontario Water Resources Act is required to include water power facilities within the existing list of water uses for which a permit to take water is not required. This saves time and effort—

The Chair (Mr. Bob Delaney): I have to stop you there and see whether or not there are any questions. Mr. Fedeli.

Mr. Victor Fedeli: There are questions, Chair, and I thank you very much.

Thank you very much, Mr. Norris, for your presentation. I'm very pleased that you corrected the record with respect to taking water. As you're aware, I have had the pleasure to tour the Lower Mattagami—and thanks for the 100 blackfly bites that I'm still scratching today—the Big Becky project at Niagara, the DeCew Falls 1, and many other water projects where water comes in one end and goes out the other, and it's no net loss of water. So I'm glad you took the time to discuss that.

Mr. Norris, could you talk for a moment about how the industry currently is regulated with respect to water resource management?

Mr. Paul Norris: Yes, absolutely. The primary source of legislation is administered by the Ministry of Natural Resources. It's referred to as the Lakes and Rivers Improvement Act. It's been in place since the early 1920s, subject to a series of amendments over time.

What has happened more recently, however, with the changes to the Ontario Water Resources Act that were

primarily directed at takings of water—ground water sources, for example—is that an unintended consequence is that we have now two pieces of legislation doing the exact same thing: duplication of permitting requirements, overlap of regulatory requirements and, quite frankly, a waste of taxpayers' dollars in terms of staff resources involved in our sector. That's only relatively recently that we've seen what I would call an unintended consequence of a very good public policy initiative focused on water.

A gentleman asked a question earlier about water pricing and raising fees on those. We pay \$150 million now for the "occupation" of the land for the use of the water. It's another example of a really good notion, but it ends up applying to our sector. That's why we strongly recommend an amendment to the Ontario Water Resources Act to include us—and wetland conservation, for example. We're not takers of water; we're very heavily regulated under the Lakes and Rivers Improvement Act already.

Mr. Victor Fedeli: We've heard the words—in fact, Messrs. McNaughton and Shurman were commenting to me earlier on the amount of time we've heard the words "unintended consequences" in this.

How much time do we have, Chair?

The Chair (Mr. Bob Delaney): You've got about two minutes.

Mr. Victor Fedeli: In the next two minutes, then: In the education that we have received from your sector, you have continued to talk about 2,200 potential sites.

Mr. Paul Norris: Yes.

Mr. Victor Fedeli: Given the fact that earlier in the presentation you spoke of 200 existing sites, that's an aggressive change. Would you comment on that at all? Some would say that the low-hanging fruit is gone, and I think perhaps you have a different version.

Mr. Paul Norris: Absolutely. I think what we have now is a generational gap between the time that we relied on hydroelectricity for all our sources, up until 1951, and where we're going now. We've kind of taken it for granted. We have 200 operating facilities right now. You might be surprised to know that in 1960, we had 500. We closed 300 small hydro facilities in southern Ontario because we chose large, centralized generation, like nuclear, like coal-fired generation. It's not right or wrong; it's just a choice we made. We're making different choices today.

I estimate that there are 3,000 to 5,000 megawatts of untapped potential. There's pumped storage. There are new development opportunities, particularly in northern Ontario, for First Nation communities who are diesel-dependent, opportunities associated with the Ring of Fire, and opportunities to redevelop existing infrastructure across southern Ontario. Maybe we're forgotten, but we're not gone.

Mr. Victor Fedeli: It would be more accurate to say that the low-hanging fruit is not gone; there are indeed 2,200 possible locations.

Mr. Paul Norris: There are definitely 3,000 to 5,000 megawatts. We're certainly not proposing that raw,

hydraulic potential across sites serve as the basis for new development, but we are confident that there is the ability to increase our generation by at least 50% across Ontario; absolutely.

Mr. Victor Fedeli: Including an important role in the Ring of Fire?

Mr. Paul Norris: Absolutely.

The Chair (Mr. Bob Delaney): On that note, thank you very much.

Mr. Paul Norris: Thank you.

NORTHERN HORSEMEN'S ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be M.J. Pappin-Lamoureux. Good afternoon, and welcome. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning; this round of questioning will come from the NDP. Please begin by stating your name for Hansard, and then continue.

Ms. M.J. Pappin-Lamoureux: Thank you. Good afternoon, ladies and gentlemen and committee members. My name is M.J. Pappin-Lamoureux. While my husband is a third-generation participant in the racehorse industry as a trainer, I am a racehorse owner. I am here to speak on behalf of the Northern Horsemen's Association, addressing Bill 55 and Ontario Lottery and Gaming's decision to terminate the slots-at-racetracks agreement. This proposed plan to "modernize" gaming will have a devastating economic and social impact on the entire racehorse industry and much of rural Ontario.

In light of the government's announcements today on the commitment to transitional funding to the horse racing industry and its selection of a review panel to determine the best course of this implementation, I will still speak on behalf of the thousands of hard-working Ontarians as to why this decision is just as poor and short-sighted as ending the slots-at-racetracks revenue-sharing—not subsidy—agreement. Real-time announcements by government, however short-sighted and ill-planned, affect real people, and real people deserve answers now, not in due course.

Sir Winston Churchill was quoted as saying, "The outside of a horse is good for the inside of a man." Those of us fortunate to be involved in the horse racing industry understand exactly the value of that statement. The abrupt and unilateral decision of the government to terminate the slots-at-racetracks agreement has sent those in the horse racing and breeding industry into a tailspin. Industry participants, particularly owners, breeders and trainers, have invested and re-invested into this business and now find themselves concerned whether these investments will have any value come March 31, 2013. We desperately seek answers as to the direction of our industry and can't help but wonder why a government decision that affects so many was made without consultation with the industry and why that decision was made, given the fact that our industry is responsible for the employment of 60,000 people, \$2 billion of economic activity, mostly

to rural Ontario, and contributes \$1.1 billion to government revenue yearly through the successful slots-at-racetracks program.

On behalf of the Northern Horsemen's Association and its approximately 125 members racing out of Sudbury Downs in the rural community of Chelmsford, along with track employees and service businesses, who make up another 350-plus in population, we ask that you reconsider your position, which impacts the very survival of the slots-at-racetracks revenue-sharing agreement, vital to the longevity and pulse of our industry.

Sudbury Downs is uniquely located and somewhat isolated in northern Ontario. The closest racetrack for competition is more than three hours away. Our current meet runs seven months, from the last week in April through the end of November, and consists of 62 race dates. For those of us that call Sudbury our home, racing in our northern community is vital. Unlike our fellow horsemen in southern Ontario, who have the option to travel shorter distances and race at neighbouring tracks, our geography makes it nearly impossible to race on any other circuit. Travel time, distance, expense and weather conditions in the winter months are considerations that do not make this option realistically viable. Because of this well-known fact, many of the horsemen and -women have established roots in our community, set up businesses, purchased homes, enrolled their children in local schools and community programs, invested in stabling infrastructure and committed jobs to employees year-round.

Racing in Sudbury has a direct impact on rural economics. Locally, this industry boasts 500 jobs, \$1.35 million goes to the local farmers and feed stores, another \$8.5 million is spent on direct and indirect goods and services related to the racehorse industry, and \$2 million goes to the city of greater Sudbury as part of its revenue share in the slots-at-racetracks agreement. That signifies over \$10 million of economic flow into this community just because we choose to race horses here. The group of horsemen and -women who call Sudbury their home have invested in this industry as a direct result of the slots-at-racetracks agreement. This successful program influenced people's decisions to uproot and move across the country for the opportunity in the horse racing industry within Ontario. Because of this program, Ontario can boast they have the best product in North America, perhaps the world. Other countries have modelled this business agreement, which sees the success of breeding and racing programs flourish and as a result provides tens of thousands of jobs and sustainability to rural areas.

Sudbury Downs opened its doors in 1974 for live racing. For the past 38 years, trainer-driver Mike Noble has raced here, raised his family and run his business. He has witnessed first-hand the ups and downs of the racing business. Back then, horse racing was virtually the only form of legalized gambling. Now, with technologies and gaming competition, the betting dollar is diversified in the marketplace. When the slots-at-racetracks agreement was implemented in 1998, this mutually beneficial agree-

ment between government, track owners and horsemen offered a renewed opportunity of investment in the horse racing industry, allowing for the growth and development in rural communities that you see today. This new partnership was a game-changer, and horsemen from all over the country were drawn to Ontario.

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The Robertson family left Saskatchewan because racing in Ontario provided opportunity for employment. Over the last seven years, they have invested \$1 million into their training centre, a state-of-the-art facility second to none in the north, where the majority of horse racing participants stable.

The government, without warning or consultation, has given a one-year notice to end this program. This decision has not only had an immediate and devastating effect on the breeders; it has impacted investment, present and future.

If there had been any warning beforehand, people would not have kept investing their hard-earned money into livestock or infrastructure when they had no chance of recuperating it. Just a few weeks ago, the Robertson family made the difficult decision to put their home and training centre up for sale because of the uncertainty our industry is currently facing.

Families like the MacLeans, the McNeils, the MacLennans, the Rhymers and the Dowlings migrated from the east coast because Ontario offered the best opportunity for horse racing, and they've decided to establish roots and now call Sudbury their home. These families felt secure in their industry and in the opportunity to race horses in Ontario. As a result, they've purchased homes for the first time, decided to start a family and have children—all because they felt secure in their ability to earn a living.

Families like the Belangers, Nowoselskys, Lamoureuxs, Soullieres and Rivests have continued the generational legacy of horsemanship and farming. What we have seen through the years of backstretch observations is the sense of community horse racing people have. Most have grown up in or around the business, fostering second and third generations. Some have forgone formal education because of the love of the sport, and the horses drew them in. This is a profession where experience is gained hands-on, not in the classroom. It is the only profession where you can work all week and there is no guarantee of a paycheque. You still have the same expenses for a horse that cost you \$50,000 or a horse that cost you \$5,000. They all need food, water, shelter, bedding, horseshoes, vet work, training time, rehab time—whatever it takes to get them to the winner's circle, because at the end of the day that is the goal.

The horse racing business is a 24-7 way of life. Most days typically start at sunrise and end hours after sunset, especially on race days. Typically, there are few days off.

With the termination of the slots-at-racetracks agreement, racing horses will no longer be a viable way of life. The cost to keep these equine athletes will exceed income, and thousands of horses will end up at slaughter.

People will look at out-migration if job opportunities fail to exist locally.

While horse racing is just the tip of the iceberg, it is the economic impact it has throughout rural Ontario that is vital to the local supply side of businesses. The proposed changes that the OLG and Liberal government want to implement will devastate families that have invested in these businesses, cripple rural agricultural sectors and dismantle the horse racing industry. Why jeopardize the jobs of so many hard-working Ontarians—especially jobs that are so hard to come by in the north—when it is doubtful that the government will financially benefit from this change? These are the jobs we need to protect and sustain. This is rural agricultural Ontario that is taking a hit for big business.

In northern Ontario, our crop season is relatively short. We often have one cut of hay, and most agricultural farms in the area can only grow hardy produce that endures a short season and varied climate. If horse racing populations decrease or terminate, these local farmers will endure great hardships. These local farmers count on the sale of their crops to local industry participants and do not necessarily have the luxury of diversifying their crops, given our geographical location and temperatures.

Every horse a horseman purchases, for himself or an owner, that races in Sudbury can cost anywhere between \$3,000 and \$50,000.

The Chair (Mr. Bob Delaney): You have about a minute and a half to go.

Ms. M.J. Pappin-Lamoureux: Okay. The monthly expense to care for that horse is at minimum \$1,500, and most stables carry, on average, 10 head. That horseman invests in trucks, trailers, gas, building structures; eats at local restaurants; shops at local stores and buys a home or rents an apartment. Their children attend local schools and join community programs and so on and so on.

Racing for a decent purse structure that is the result of the revenue-sharing agreement is part of the cog that keeps the economical wheel spinning in the rural sector. If the purses aren't worth racing for, owners will not be interested in investing in livestock, because they will not have the opportunity to recover their costs. While some participants are involved in the horse racing industry as a hobby, the majority are full-time, self-employed business people who employ both full-time and part-time staff.

If you come from a family that has roots in horse racing, like most of us do, then you must consider yourself one of the lucky ones. To wake up each day and be able to do what you love for a living is a privilege. To see the passion being handed down from generation to generation is beyond special. Horse racing has given our families roots and opportunity. I'd anticipate that if all goes well and our industry is able to survive these obstacles we are currently facing and allowed to thrive as our industry does, it will mean the world to families in Ontario who invest so much of who they are into what they do. Not only does our industry offer our local economy growth, stability and employment, we also contribute to government coffers which generate funds for both local and provincial programs—I'm almost done.

The Chair (Mr. Bob Delaney): Yes, you are done.

Ms. M.J. Pappin-Lamoureux: I am done?

Mr. Michael Prue: It's my question. I would cede one minute of my five minutes of questions to allow her to finish.

The Chair (Mr. Bob Delaney): Absolutely.

Ms. M.J. Pappin-Lamoureux: I'll need 30 seconds.

Mr. Michael Prue: Okay.

The Chair (Mr. Bob Delaney): There you go.

Ms. M.J. Pappin-Lamoureux: Thank you. I appreciate it.

Historically, horse racing has been a part of Ontario's culture for over a century in the way of tourism and entertainment. Rural Ontario represents the heart and soul of families who have value, a strong work ethic and appreciate every dollar they earn. Every dollar is re-invested into the businesses providing for their families and those in the rural community. This is why horse racing is important to Sudbury and to the province of Ontario.

The question remains, given this proven and highly successful partnership: Why aren't we collaborating on innovation of this partnership in ways that would increase revenue generation and strengthen the existing governance and representative structures working towards excellence in an already-established world-class industry by reputation and representation?

Thank you for your time in allowing me to present and express the concerns of so many. We truly hope this will bring the government some insight on what may have mistakenly been a short-sighted recommendation and hope that through this communication government members truly understand the negative impact this decision will have on so many hard-working Ontarians, our industry and rural Ontario. The slots-at-racetracks agreement is mutually beneficial for all parties and highly successful when you consider the economic impact to Ontario and value for its money. Thank you.

The Chair (Mr. Bob Delaney): Mr. Prue, you've got about three minutes to go.

Mr. Michael Prue: About three minutes, okay. I have to preface my question by saying, this whole thing around the horse racing industry is one of the dumbest things I've ever seen done in government.

Ms. M.J. Pappin-Lamoureux: I agree.

Mr. Michael Prue: Okay. Just so you know where I'm coming from.

I think the government agrees with this as well, because this morning I got a message across my computer saying that the government is setting up a special commission to look into what it's doing, how it's doing it and what process to follow. They've appointed three former cabinet ministers: one in a Liberal government, one in the Progressive Conservative government and one who was in the NDP government but who's now a good Liberal. That's what they've done. Has the horse racing industry been contacted about this? I just saw it this morning.

Ms. M.J. Pappin-Lamoureux: This announcement, when I got wind of it—which is why my presentation ran a little bit longer than the 10 minutes: I had to address the fact that this announcement came out this morning. I don't know. Right now the governing body for the horse racing industry is OHRIA, and that's speaking on behalf of all the parties involved in this umbrella of horse racing. I don't know if they've been contacted. The fact that they've done a selection of a review panel to take recommendations now, but made the decision in March, and now we have to wait for this review panel to sort through whatever documentation they receive and have time to review and evaluate that and how they determine how we proceed—they were quoted, I think it was saying towards the end of summer.

Between the summer and March of next year does not give these families and the people that have invested so much of their livelihood and savings into their businesses room to move come March 31 next year. There's still no direction as to what's going to happen at that point in time.

The government's position of privatizing OLG and going in a different direction with modernizing gaming and the talk of a waterfront casino creating 4,000 jobs and an economic benefit to the government of \$1.6 billion when right now it's getting \$1.2 billion or \$1.3 billion from our industry for 60,000 jobs doesn't make sense to me. I'm not quite sure how long this process will take and what the answers will be at the end of that review.

Mr. Michael Prue: It doesn't make a whole lot of sense to anyone. The figures yesterday or the day before yesterday, when OHRIA came here, showed us that the casinos in Ontario have been losing money since 2007, and the only things that make money are the horse racing industry and the lotto tickets. This is why I don't understand why the government's doing this.

Are you a member of OHRIA?

Ms. M.J. Pappin-Lamoureux: I believe, under NHA, we all are, yes.

Mr. Michael Prue: You all are. Do I have enough time to ask about—I mean, if the government's taking this process now of getting some former politicians to look at this, what kind of effect is that going to have if they don't report until the fall, especially in terms of the breeding season? I know that the horses only run for a couple of years. It's the three-year-olds in the Queen's Plate—four, five years old, then, usually they go out to stud, or mares, that's usually the end.

Ms. M.J. Pappin-Lamoureux: It's part of the short-sightedness of the decision that came about in the first place because a breeder's season is typically four years. If they had done any kind of impact studies or even referred to some of the government reports on the racing industry to see the impact, social and economic—they can't make that type of decision and say, "Well, you have one more year, have at it, and after that, we're not sure what's going to happen with your industry," when it affects the livelihoods and the ability for people to earn a living across Ontario.

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The biggest misnomer, which is insulting, is that this revenue-sharing agreement has been referred to as a subsidy. I can go into the history of how slots have been located at racetracks—

The Chair (Mr. Bob Delaney): But we wouldn't quite have time for that history.

Ms. M.J. Pappin-Lamoureux: No, of course not, but—

The Chair (Mr. Bob Delaney): So thank you very much for having come in.

Mr. Michael Prue: You've made your point.

Ms. M.J. Pappin-Lamoureux: All right. Thank you very much.

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Undergraduate Student Alliance: Rylan Kinnon and Alysha Li.

Take a seat; make yourselves comfortable. Thanks for coming in a little early.

Mr. Rylan Kinnon: No problem.

Ms. Alysha Li: No problem. Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks to the committee, which will be followed by up to five minutes of questioning. This round of questioning will come from the government side. Please identify yourselves for Hansard and then proceed.

Ms. Alysha Li: Thank you so much. Thank you very much for having us. We're the Ontario Undergraduate Student Alliance. Thanks to the committee for having us this afternoon.

My name is Alysha Li. I'm a student and vice-president, university affairs, at the university students' council at Western university and also the president of OUSA.

Mr. Rylan Kinnon: My name is Rylan Kinnon. I'm the executive director of the Ontario Undergraduate Student Alliance. I'm currently finishing my MBA at Queen's University and did my undergrad at U of T.

Ms. Alysha Li: The Ontario Undergraduate Student Alliance represents the interests of 155,000 students at eight universities across the province of Ontario. Our vision is for an accessible, affordable, accountable and high-quality post-secondary education in Ontario. To achieve this vision, we partner with government, opposition parties, sector stakeholders and others to develop solutions to issues facing students in Ontario.

Though we are living in difficult economic circumstances, it must be noted that higher education is not just an expense; it's an investment. The lifetime income potential of a university graduate is up to \$1 million higher than a high school graduate. It is perhaps for this reason that despite only comprising a quarter of the population, university graduates pay over half of the income tax collected by the province.

Those with post-secondary education had only a 4.7% unemployment rate, less than half the rate of those without education. This gap will only widen as Ontario moves forward towards 70% to 85% of all jobs requiring post-secondary education.

Today, we'd like to talk to this committee about the important investment this budget has made to students but also how money could be used more effectively. At a time when the participation gap between high- and low-income Ontarians at our universities is widening, it is important to make sure that every dollar spent on student financial assistance is going to those who need it most.

The first topic we'd like to touch on today is the Ontario tuition grant. The government recognized the importance of investing in future generations of Ontario workers by creating a 30% off Ontario tuition grant this past year, in addition to helping 200,000 eligible students receiving \$800 in additional grant funding this year. This program will grow next year, reach even more students and provide over \$1,600.

Though many have pointed to ways the program could improve, which we will address momentarily, it must be recognized that this program is a significant investment in students and their families. The tuition grant is particularly useful to a few types of students. Middle-income students who do not qualify for other grant programs offered by the Ontario student assistance plan—or OSAP—now receive non-repayable assistance; additionally, debt-averse students who want to access grants without taking on Ontario student loans are eligible for the Ontario tuition grant, making it the only grant program available to these students. This is important, particularly because aboriginal, low-income and first-generation students are all more likely to be debt-averse.

However, there are many ways the program could be improved. The first is to ensure that aboriginal students and students with dependents are adequately supported by the grant. Since the grant is only available to students in their first full years out of high school, it is not supporting students who need to delay going to university.

Studies show that aboriginal students and students with dependents often take an extra year or two to attend post-secondary. These students also tend to have the most significant unmet financial need. Extending an extra year of eligibility would help the students who have the highest financial need. The government has already taken a similar step, extending an extra year of eligibility to students with disabilities. Ontario students ask that the same measure be taken for aboriginal students and students with children. This is a small population, and the cost of implementing this would be marginal. OUSA estimates only \$5 million to \$10 million to increase the equity of the Ontario tuition grant program.

One last point about the tuition grant is that it points to a larger need to control the increasing costs of tuition. It will only take nine years for tuition fees discounted by the grant to reach what they currently are today. Essentially, the value of the tuition grant to students will become completely eroded in a decade if tuition is allowed

to increase at 5% annually, despite the fact that it will have a cost-increasing amount of money every year. This is not a sustainable path for this government or for students. For the government's investment to be worthwhile in the long term, tuition growth must be slowed.

Mr. Rylan Kinnon: The second thing we wish to speak to today is the Ontario student opportunity grant. Though it has attracted fewer headlines than the Ontario tuition grant, the Ontario student opportunity grant, OSOG, is currently the largest and most progressive grant program Ontario offers. This program caps student debt at \$7,300 per year and reaches over 93,000 students annually. If a student's parents don't earn very much money, they're assessed for the maximum loan of \$12,240, but every dollar over \$7,300 is converted to a grant, capping the maximum debt for a student of a four-year program at \$29,200. Without OSOG, low-income and mature university students would owe closer to \$49,000 upon completion of their undergraduate degree.

Research on student financial assistance has noted that OSOG has played a key role in keeping student debt in Ontario from growing considerably over the last decade, making Ontario one of only three provinces to avoid substantial growth in student debt over this time period. Given that the use of student loans has increased over the last several years, OSOG is more important than ever in preventing students from graduating with unreasonable debt levels. Students with more debt are less likely to invest, buy homes, purchase cars and generally contribute to Ontario's economy.

Debt has also been shown to affect graduation and dropout rates. OSOG is thus not only a safeguard of Ontario's student debt level, but also an important piece of Ontario's economic future. Students thus recommend that the government maintain the cap on student debt provided by OSOG at \$7,300.

We would also like to talk about tax credits; specifically, Ontario's education tax credits. Though they're one of the largest investments in student aid that the province makes, they're also one of the least effective at improving accessibility to post-secondary education for Ontarians.

Last year, the Ontario government spent close to \$310 million on tuition and education tax credits. Studies show that of this pool, an average of \$2,000 was claimed by students from the highest income bracket. In contrast, students from the lowest income bracket claim an average of \$520 annually. This is mostly due to the fact that as an income tax credit, a student needs to earn enough income in a given year, and thus pay enough income tax, to be able to benefit from the credit. Only one in three students makes enough money to claim the income credit in a given year. The other two students have to wait until they have a well-paying job to benefit.

Given that the participation gap between low-and high-income students continues to rise in Ontario, this is of particular concern. Furthermore, tax credits can only be claimed at the end of the academic year. Given that tuition payment deadlines are often August or September,

the funds provided through tax credits do not help meet the cost of their education when they are due.

This government already proposed in the 2007 election platform a solution endorsed by every student group in the province: Eliminate the tuition and education tax credits and move them into upfront grants. This solution was reaffirmed this year by the Drummond report, which noted many of the arguments I have just made.

Students understand that financial assistance is expensive and that the government cannot initiate new spending. However, the funds necessary to do everything we have highlighted today, and more, are available if the promise to eliminate future tax credits is fulfilled.

Thus, students recommend that the government cease issuing new tuition and education tax credits and move year-to-year savings into existing financial assistance programs offered through both the Ontario student assistance plan and the Ontario tuition grant.

Ms. Alysha Li: The last thing we would like to touch on is the need to design a reform strategy for post-secondary education in Ontario. There are a number of ways in which Ontario can increase the quality of education in its post-secondary institutions without substantially increasing costs. The Drummond report made many suggestions on how to do this.

OUSA has recommended means by which to do this, and universities, colleges and other student organizations have their own ideas for reform. Ideas like creating a teaching-focused faculty stream would yield productive gains in the hundreds of millions of dollars, while increasing the quality of education.

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What hasn't happened in Ontario yet is a discussion on how we will ensure that we provide equitable access to the post-secondary education required to succeed in the new global economy. Students recommend that the government facilitate a sector- and province-wide discussion on how to improve our post-secondary education system while restraining cost growth.

Mr. Rylan Kinnon: On behalf of our members, we'd like to thank you for having us come and speak today. We'd be happy to welcome any questions that you might have about our proposals.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: We really appreciate both of you coming. Thank you; you did a fantastic job in your presentation.

Mr. Rylan Kinnon: You're welcome

Mr. Yasir Naqvi: I'm going to focus my questions on the 30% tuition grant, a big part of your submission as well. As you know, one of the fundamental issues the government has made in this particular budget despite tough economic times and the fiscal situation is to continue with the 30% tuition grant. It was a big part of the Liberal Party's election platform, it was the most costly of the platform items, and we, within two months, implemented that in place as well.

Do you think that type of tuition grant produces significant savings for students?

Mr. Rylan Kinnon: We believe that obviously it has had benefit for students; \$800 to \$1,600 for a student paying an average tuition of, I believe, about \$6,500 in Ontario is substantial. We believe it's a great investment in increasing the affordability and accessibility of education in Ontario.

With that said, we do believe that it could be improved. Specifically in terms of our recommendations, we believe it could be better improved to help aboriginal students increase their post-secondary attainment rate. We believe it could help dependent students increase their post-secondary attainment rate. We believe we've provided some recommendations on how that could be done today. We, as students, appreciate the grant. It is very helpful in increasing affordability but it could be further improved to increase the accessibility and equity of post-secondary education in Ontario.

Mr. Yasir Naqvi: I appreciate that, and your recommendations. Do you agree with the direction in terms of the tuition grant, where it's focused on low-income to mid-income families? I think it's up to \$160,000 of parents' income. Is that the right approach in terms of giving that tuition grant?

Mr. Rylan Kinnon: We believe that especially low-income families do need to have targeted financial assistance, because if you look at the stats, people in the highest-income quartile are, I believe, four times more likely to attend post-secondary education than those in the lowest-income quartile. So we do need to make sure that we are providing to that income quartile the funds, grants etc. that allow them to achieve a post-secondary credential. Also, in terms of middle- to low-income students, one benefit we see of the Ontario tuition grant is that it provides funding to students who previously would not qualify for OSAP, to make their post-secondary education more affordable.

Mr. Yasir Naqvi: One other theme that we're hearing in these deputations is around inequities in society and how we can use this budget to reduce or hopefully eliminate the inequities in society. There has been a suggestion made that the best way to use this money that is given out through 30% off is to not use any eligibility criteria but just give a blanket fee reduction to all students, regardless of income or background. Do you think that kind of approach will help in addressing inequity issues, or the approach that we've taken—i.e., focusing and targeting low-income to mid-income—is a better way of dealing with that accessibility for those who are in low-income thresholds?

Mr. Rylan Kinnon: I would say again that we do believe that the OTG can be improved. But we don't believe that basically putting the funds that are currently in the Ontario tuition grants into an overall tuition decrease is a good way to improve accessibility. Going back to what I said previously about who actually attends post-secondary education, students in the highest-income quartile are far more likely to attend post-secondary education than those in the lowest-income quartile.

There's also an issue in terms of the benefits that you actually would achieve. If you spend all this money providing every student in Ontario with a tuition reduction, the amount per student is going to be much lower. If you're giving it to everybody, if you're giving it to students who have no problem affording post-secondary education in the first place, you're not reaching the goal of improving accessibility and increasing equity in the system. In fact, I'd say you'd probably be doing the opposite.

Mr. Yasir Naqvi: Thank you very much for your submission. I really appreciate it.

Mr. Rylan Kinnon: Thank you for having us today.

The Chair (Mr. Bob Delaney): Nice timing. Right on the money.

Mr. Victor Fedeli: May I comment, Chair, just off the record? That is also the nicest package, the nicest presentation. Very well done.

Mr. Rylan Kinnon: Thank you. I will pass that on to our communications director.

Interjection.

Mr. Rylan Kinnon: Excellent. I will pass that along.

Ms. Alysha Li: Thank you so much.

Mr. Rylan Kinnon: Thank you so much for having us.

The Chair (Mr. Bob Delaney): Gratuitous comments are always welcome.

STANDARD BRED BREEDERS OF ONTARIO ASSOCIATION

The Chair (Mr. Bob Delaney): Okay, we still haven't had our 3:45 presentation show up. However, the Canadian Thoroughbred Horse Society, Ontario division, Glenn Sikura, is here.

Mr. Monte McNaughton: I think Anna Meyers is here, too.

Ms. Anna Meyers: Actually, I am here.

The Chair (Mr. Bob Delaney): Oh, are you?

Mr. Monte McNaughton: Yes. She is here.

The Chair (Mr. Bob Delaney): Okay. All right. I stand corrected. My clerk has been doing her best to keep me updated. Anna Meyers, please come forward, the Standardbred Breeders of Ontario Association, and have a seat.

Ms. Anna Meyers: I did colour on my presentation.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will go to the opposition. Just state your name for Hansard and then begin.

Ms. Anna Meyers: Okay. I'm Anna Meyers, president of the Standardbred Breeders of Ontario Association, which represents 2,500 individuals involved in the standardbred breeding industry here in the province. I also sit as a director on the board of the Ontario Horse Racing Industry Association.

I'm here to recommend changes to Bill 55 to address the crisis that the government has created with the early

March announcements citing the end of the slots-at-racetracks program as of March 2013.

A little bit of background, and you'll see more in my submission: In 1998, as you know, the industry entered into a partnership agreement with the Ontario Lottery and Gaming Corp. to place slots at racetracks. These were already-established gaming centres with an existing client base. It has been one of the most successful endeavours out there. It has helped the racing and breeding industry, and it has also been very successful for the government.

According to a report put together by Dr. Bob Wright, who's a former OMAFRA horse specialist, pre-slots to 2009, we saw the expansion of horse population for an additional 10,000 horses in the province, which represents \$1.5 billion to \$3 billion in annual expenditures just for that additional 10,000. As well, we saw an additional 20,000 jobs, or 200,000 person years of employment. This has supported a very important agricultural base in the horse industry, as the horse industry is the second-leading subsector of agriculture.

We also saw the development of the Ontario Sires Stakes program, which is a program designed for young two- and three-year-olds. These are Ontario-sired horses, and this model, started in the late-1970s, has become one of the models that has been emulated throughout most of North America and in many parts of the world. It has also fuelled the sale of Ontario-sired horses that are raised here in the province. It has attracted investment into the province through top-quality stallions that have come to stand here in the province. Also, mares have been re-located here in Ontario due to the Ontario mare residency program. We see a lot of US investment, which has been a net positive in terms of sales, the purchase of stallion shares, boarding fees, training and breeding activity. It's part of what happens in playing on the world economy.

The Ontario breeders and the agricultural economy have been the major beneficiaries of this successful partnership.

In 2010, the Ontario Lottery and Gaming Corp. started renewing site-holder agreements for short terms of three to six months. At that time, there was a subcommittee that was struck through OHRIA that met with government members and officials, including Minister Duncan. We reiterated the benefits of continuing on with the slots-at-racetracks program. Part of the reason was, we need long-term planning in order to justify making significant capital expenditures. Following those meetings, we saw renewal of those site-holder agreements for five years and as long as 10 years. So it was a complete surprise when we saw an announcement shortly after terminating the site-holder agreements with 12 months' notice. We call it Black Monday, and it'll be a day I never forget. Minister Duncan's announcement came as a complete surprise to all of us. It immediately hit the breeding sector and hard. We have suffered significant, unrecoverable financial losses and irreparable damage.

Breeders, as you know, may need a five-year lead time, because from the time you breed a mare, it takes 11

months' gestation and two years to raise that foal until you can sell it at the yearling sales, and you need two years' worth of racing opportunity for that horse to even have any value. So we can't respond very quickly at all.

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What happened was farms that had stallions saw that many of the stud fees were not being paid. Basically, you have a contractual agreement to pay your stud fee when the foal is born. We don't know what the value of the foal is, and therefore a lot of those stud fees were not coming in. It's a much-needed revenue stream for these horse farms to exist.

Longer term, I think we're going to see the movement of some very high-quality stallions out of the province into other jurisdictions that appear to be more stable—pardon the pun.

We also saw a 50% reduction in breeding activity at our farms due to the announcements.

On the mare side, which represents more of the farms, we saw a loss of boarders. A lot of them have moved to other racing jurisdictions like New York and Pennsylvania, where they have a solid sires stakes program. They also have mare residency programs. This also affected the revenue stream for many farms.

The inputs on most of our horses are paid up front. The stud fee, all the feeding, the care, the farrier—all of that is paid up front. Right now, we're sitting with three years' worth of horses on our farms and we don't even know whether they have any value.

It takes \$16,000 to \$20,000 to raise a yearling. For many, what we make at our yearling sales is our once-a-year paycheque. If we don't make it at our yearling sales, it is absolutely devastating.

The Ontario Sires Stakes program has been the cornerstone for the breeders. It's why people choose to buy our yearlings at the sales. Right now, it's in jeopardy because 50% of the Ontario Sires Stakes purses actually come from slots.

Yearling prospects this fall are very dim for all of us. We're quite worried. We have problems because we can't do any long-term planning. Our nominations for the sires stakes are delayed. We can't design a program, without slots, that will make the yearlings attractive to buyers. And because of the reduction in the racing opportunities for the owner, we have a very uncertain future.

If this isn't resolved by early August, and not March 2013, we're going to have a horrible problem on our hands and it's going to get very, very ugly, very, very quickly, because August is the time when people start thinking about what they're going to buy for the fall. Our fall sales start in September and October. This is important not only for the breeders, but we also have to have clear direction for the horsemen who buy these horses who might need multi years to get out on their investment. Then it ultimately will affect the racetracks as well with the quality product that they need for wagering purposes.

The Drummond report called for a review to ensure value, not for scrapping this successful program that

employs 60,000 people and generates at least \$2 billion in annual expenditures. It's a driver for agriculture in rural economies, and I'm not sure whether what we're going to replace this with has been addressed, because jobs in Toronto are not going to help somebody north of Hanover who can't commute, can't get rid of their farm and has limited skills.

The other, uglier thing that we hate to talk about is, what's going to happen with all these horses that are unwanted? In Quebec, when they shut down their program, or their racetracks, it resulted in mass euthanasia and slaughter of foals, yearlings and mares. It was a very ugly scene. That's a very small industry in comparison to what we face here in Ontario, because if you look at Ontario, 82% of the breeding activity occurs right here in this province. It should be something that we're proud of, and unfortunately, we find ourselves in this very predicament.

Concerns: The industry is concerned about why we're jeopardizing a current and proven revenue stream that has been so beneficial to the government and to the province. We question the unsatisfied demand of an extra billion dollars that OLG is forecasting. We just wonder where people are spending their discretionary income that's going to be moved over to gaming. Are these forecasts realistic? Obviously, there's going to be cannibalization as new forms of gaming come on board.

What's really alarming is that there has been no dialogue or consultation with the industry about the execution of the OLG modernization plan. We could have avoided many, many pitfalls, I think, by having those discussions.

As well, you're seeing a lot of municipalities stepping forward. They're very, very concerned about what's going to happen in their own areas as far as economic development, and they're wanting a say in terms of what's going to happen in their own communities.

There's an issue that we also have with some statements—

The Chair (Mr. Bob Delaney): You've got about a minute left.

Ms. Anna Meyers: Okay. There's also concern that the horse industry—there was an industry before, there will be one after. There's no reasonable support for this basis.

What we're asking for is short-term. The industry needs to secure a market for our yearlings at the fall sales, for making up the shortfall for 2013-14. That's the very short, short term. Beyond that, we also have horses that were planned for that we need funding secured for, for the Ontario Sires Stakes program through to 2016, to the end of that.

We want a proper net impact study with experts to look at the expanded gaming plans and to address the sustainability of horse racing and breeding. Without the slots-at-racetracks program, it may require a different funding model. This needs to be completed before we make any changes to the current slots-at-racetracks program.

We also want a more realistic time frame to be established, because March 2013 is way too short in order to

react to it. And last, but not least, we want the assessment of the OLG revenue forecasts as well as looking at the examination of the social and community concerns tabled before there are any RFPs issued. So I think we need to do more homework.

The Chair (Mr. Bob Delaney): Thank you. Mr. McNaughton?

Mr. Monte McNaughton: Thank you very much for coming here today, Anna. I know the industry is devastated. I've had the privilege of touring the province on behalf of our caucus, talking to breeders and racetrack officials and people involved in the horse racing industry.

Of course, we heard the news yesterday, about the Fort Erie Race Track closing. They've already announced that Windsor Raceway is closing in August. The decision that the McGuinty government made is absolutely gutting the industry.

In Ontario today, as I'm sure you know, we have 600,000 people unemployed. We heard the announcement that 2,000 more are going to be unemployed at General Motors. I had discussions with RIM this week; potentially, as we're reading the newspaper, up to 6,000 people at Research in Motion. And now 60,000 people, potentially, in the horse racing industry.

Ontario, as I understand it, is currently the number one jurisdiction in Canada for horse racing?

Ms. Anna Meyers: It is.

Mr. Monte McNaughton: That's true?

Ms. Anna Meyers: Bar none.

Mr. Monte McNaughton: Where do you see Ontario if the government proceeds with this?

Ms. Anna Meyers: If the breeding industry isn't salvaged, it's just going to be decimated very quickly—the whole industry. It's like a three-legged stool. You have a breeding industry, you have horsemen that require horse supply and then you have the racetracks that require a quality product. If anything happens to any of those three segments, the whole thing collapses; it's just a question of time.

The unfortunate thing is that the breeding industry is getting the front lines right now, but it will have a spillover effect and it's going to decimate far beyond just the breeding industry. For example, our farm has FedEx and Air Canada cargo shipments that go out every week. There are things that you don't really think are intricately involved in the breeding industry, yet there are other businesses that definitely plug into our day-to-day activities. So I think it's going to be far-reaching. And across rural economies, where a lot of the manufacturing sector has dried up, I don't know what you're going to replace those jobs with. That's what the concern is.

Mr. Monte McNaughton: You were talking about numbers of horses. How many in the province of Ontario now are involved in the racing industry? You were—

Ms. Anna Meyers: How many horses or people?

Mr. Monte McNaughton: Horses.

Ms. Anna Meyers: Horses, you're probably looking at about 30,000 standardbreds.

Mr. Monte McNaughton: So I guess one of the saddest things I heard as I toured the province—I mean, I was at many breeders, and I know everyone, even on the government side, has read the stories in the Toronto Sun, the Toronto Star; the Globe is set for a big spread on this. It's the euthanization of horses. I can say personally that I've heard many stories about this, but would you say with certainty that it is happening in Ontario?

Ms. Anna Meyers: Like you, whenever I see the notices in media that there is euthanization of foals, it just makes me cringe. I'm in this business because I love horses, and most people feel that way. It's something that I certainly don't want to see happen to any of my horses, but I'm aware that it's been reported in media. It's not something that I have done.

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However, as we edge closer to the fall and you have these horses that are not worth anything; you've knocked out the ability for people to provide for their families; they may not be able to hang on to their farms. The question is, what happens to these horses? The fact is, I believe that there will be a large proportion of horses that will be euthanized or go to slaughter. It's something I really don't want to see and it would really be a big blemish on the province of Ontario to continue down this path and have that happen.

Mr. Monte McNaughton: I think the greatest injustice in this policy change is the fact that there was no warning. They didn't work with the industry, no consultation—I would say arrogance on behalf of the government. Would that be a fair term, in your opinion?

Ms. Anna Meyers: Yes. I think there has been little forethought. Dialogue with the industry would have averted a lot of this. Now that we're at this point and it's time to kind of slow down, take a look at things from a proper perspective. OLG was only tasked with increasing gaming revenues; they weren't tasked with protecting agriculture or protecting rural economies.

Mr. Monte McNaughton: Sorry, quickly—and I know Bob is going to cut us off—Bill 76 referendums before any new casinos: Does your organization support that bill?

Ms. Anna Meyers: Absolutely. I think everybody has a right to say what happens in their own communities.

The Chair (Mr. Bob Delaney): Thank you. Perfect timing.

MS. LIZ RYKERT

The Chair (Mr. Bob Delaney): Before our committee continues, there was a deputant who was on the list who had applied pursuant to our notices. As we have been sort of fluid in trying to accommodate everyone, this particular deputant, Liz Rykert, is here. We are sufficiently ahead of schedule to be able to slot her in. Is it the will of the committee that this deputation should go forward?

Okay, our next presentation is from Liz Rykert, who I understand is here. Welcome.

Ms. Liz Rykert: Hi.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Please begin by stating your name for the record and then continue.

Ms. Liz Rykert: Sure. My name is Liz Rykert. I'm here today just as a citizen. I have been involved with the Economic Inequality group, economicinequality.ca, and so I am here to speak about some of those kinds of issues.

Thank you very much for the opportunity to speak to you today. I'm the owner of Meta Strategies, a Toronto-based strategy group working in complex organizational change and digital technology. My current work has been focused on changing behaviour to reduce the incidence and spread of hospital-acquired infection here in Ontario and across Canada.

I was trained as a social worker and I served on the board on the Children's Aid Society of Toronto for a nine-year period until 2010, when I resigned. I'm aware of the growing body of evidence about the negative impact of economic inequality, particularly as it affects women, children and youth in care.

This is made very clear by the attached chart. You'll see in the document that I brought with me a chart on the last page which shows infant mortality rates. It's just one example of many that looks at the issues of income inequality and how they impact everyone in society. I thought it was a good example to share with you today.

The United Kingdom is a much more unequal society than Sweden, and the data is comparing UK and Swedish data. The data shows that infant mortality rates are more than twice as high in the UK than in Sweden for most income groups. But in Sweden, with more equality, all infants do better than in the UK, even those in the highest-income families. All families do better in a more equal society, not just those with the lowest incomes.

For example, if you look at the very last column, where it says "high," based on the father's occupational class—this is UK data; it's how they divide it up—you can see that even in the classes where the father's occupational class is the highest and they're earning the very most, the infant mortality rate for that population is higher in the UK than it is in Sweden.

There's no question but that the situation in Ontario is the same. Where there's more equality, everyone does better. To create a better society, your goal as members of the Legislature must be to make a more equal society. One of the things to do is that perhaps we need to stop thinking about things in terms of concepts like poverty and how there are problems which are related to segmented groups in society, such as low-income people. Instead, we need to recognize that everyone in society is negatively impacted by economic inequality. Making a more equal society helps everyone—rather than segmenting, just thinking specifically and not realizing that, though we have low-income people in our society, that's actually affecting everyone.

Inequality doesn't occur by chance. It is a result of actions that government decision-makers make over time.

What governments have been doing for the last 40 years increased inequality. For instance, government decision-makers have substantially reduced rates of taxation on those with higher incomes. Governments have removed inheritance tax altogether. Governments have decided to tax capital gains at half the rate of income earned through employment. These steps have not only reduced the amount of revenue available to government, they have also increased inequality. While these changes have meant that those higher-income families might have more money in their pockets, the data shows that they too bear the effects of inequality, with worse health, more infant mortality, more mental illness and more crime. We need to begin to reverse these steps to restore more economic equality in Ontario for everyone's benefit.

Cutbacks and austerity do not contribute to greater equality. They do not start solving the problem. In fact, most often they increase inequality. Other speakers have pointed out how this budget will increase inequality unless it's changed.

Fortunately, as members of this committee, you can begin to address these issues by amending Bill 55.

First, the bill should begin to restore progressive taxation on incomes. The proposal of a 2% tax on incomes of more than \$500,000 is a step in that direction and it should be taken; but we need a more comprehensive approach. This can be started with a study of a more progressive revenue system that addresses income taxes and tax expenditures. I ask the committee to authorize such a study, reporting by the end of the year. This is probably best done by amending schedule 67 of the bill.

Second, the committee should restore without delay the increase to the Ontario child benefit planned for 2012 to \$1,310. The Ontario child benefit has been shown to do much to increase economic equality and improve the lives of all children in Ontario. This can best be done by an amendment to schedule 66, which specifically deals with the Ontario child benefit. Why wait another year?

Third, it's critical that those receiving government income support through the Ontario Disability Support Program and Ontario Works be assisted through increased amounts to help restore the level of equality—or inequality, I should probably say—that existed before those rates were slashed in 1995. John Stapleton noted in a brief to you yesterday that the Ontario Works rate for a single person in 1993 was \$663. Today it's \$599—a decrease without taking inflation into account. To restore this rate to what it was 19 years ago, factoring in inflation, would raise it to \$942.

I recommend that those programs be increased immediately by at least 50% in order to create a more equal society, which is better for everyone, including those of us here in this room. The cost is probably in the range of \$100 million. It's a good way to spend money, perhaps some of the money from the 2% tax increase on incomes over \$500,000. This change would have the added benefit of especially supporting youth leaving the care of children's aid societies, a group of young people that is especially vulnerable to economic inequality.

Fourth, an increase in the minimum wage is especially important for women, who often have the additional responsibilities of care for children and the elderly. We need to factor in regular increases to the minimum wage to create more equality. This must be done in conjunction with companies, both non-profit and profit, using appropriate rate increases and good timing, which means it must be done with care. But it is necessary, and increases in the minimum wage should be tied to the continued payment of salaries to members of the Legislative Assembly.

My recommendations are as follows:

- to begin to restore progressive taxation on incomes, amend schedule 67 by authorizing a study, reporting by the end of 2012, on a more progressive revenue system that addresses income taxes and tax expenditures;

- amend schedule 66 to increase the Ontario child benefit to \$1,310, the amount that was originally planned for 2012;

- amend schedule 32 of the interim appropriation act to require that the interim appropriation include funds to increase monthly payments for ODSP and Ontario Works by 50%; and finally

- amend schedule 38 to require that a plan to generally increase the minimum wage in the next three years will accompany continued payment of salaries to MLAs.

I ask you to make these changes to help create a more equal society that will benefit us all. Thank you very much for your time.

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The Chair (Mr. Bob Delaney): Thank you very much. Your questions will come from the NDP. Ms. Armstrong.

Ms. Teresa J. Armstrong: Thank you, Elizabeth—Liz, I should say; sorry—for your presentation.

Ms. Liz Rykert: That's fine.

Ms. Teresa J. Armstrong: You're self-employed?

Ms. Liz Rykert: I am.

Ms. Teresa J. Armstrong: You are, okay.

Ms. Liz Rykert: I own my own business.

Ms. Teresa J. Armstrong: Yes, Meta Strategies. You had mentioned that you are focused on changing behaviour to reduce the incidence and spread of hospital-acquired infections.

Ms. Liz Rykert: That's right.

Ms. Teresa J. Armstrong: Can I ask you if you ever considered what copper would do to minimize infection in hospitals? What's your take on that?

Ms. Liz Rykert: I'm not an expert on infection control technically.

Ms. Teresa J. Armstrong: Okay.

Ms. Liz Rykert: I look at behaviour change and practices among health care workers that contribute to or reduce the spread of infection. So I couldn't comment on the use of copper in the spread of infection, although I've read articles about it.

Ms. Teresa J. Armstrong: Okay, I just was wondering, because that's something I'm working on, and I

thought if you had a perspective on it, it would be interesting to hear.

Earlier today, we did hear from a doctors' group for fair taxation. They were very progressive, as far as I'm concerned, in their thoughts. One of the suggestions they had made was—they do like that New Democrats made that proposal for people who made an income over \$500,000, to increase it 2% towards the contribution of making the budget fairer. It was interesting that they had different levels. They start at \$100,000, I think; \$250,000, and then they increase. They felt that those income-earners could afford a little more as well and contribute to the fairness in the overall economy.

One of the things they had talked about was that if we have a healthier economy and everyone is sharing in fair taxation, there are going to be better benefits to people with lower incomes—health and all that.

I just wondered—your involvement; what is your capacity, other than you being your own business owner—how you got involved in this area.

Ms. Liz Rykert: I'm part of a group of people—we've started a group called economicinequality.ca, and you can find that online. We've held five public meetings so far, where we brought people together to start to think about and understand what these issues are about, and how, generally, regular people in our society can try to take some action.

Many people have been galvanized, interested, in the Occupy movement but haven't seen clear recommendations coming out of that. As somebody who has skills in the capacity to convene and facilitate and help large groups of people make change together, I have a real interest, as a volunteer and somebody in my own society. That's something I can do to help make change.

We have a broad range of perspectives, different people who come to our meetings. I think I would say collectively that the largest meeting we've had has had about 500 people participate; the smallest has probably been about 45 people. We've had a good group of youth generally participating, and that has been very encouraging.

At our next meeting, on June 26, at city council, we're bringing people from a whole broad range of issues, from child care to housing to employment to income security to racialization of poverty—a broad, broad perspective—to begin to start to think about how this fits all across the board and how we're collectively beginning to work on these issues and think about them.

I also think that, as we have divided and segmented our society into pieces and thought, "Okay, this program is for that piece, and this program is for that piece," we don't think about the whole. I think that the data that has been collected through Richard Wilkinson and others around looking at overall inequality, a reframing of that and recognizing how overall it affects us all—there are going to be cost savings. If we have a more equal society, we're going to be healthier.

Ms. Teresa J. Armstrong: I think everybody benefits.

Ms. Liz Rykert: We're going to see less diabetes. We're going to see less heart disease.

Ms. Teresa J. Armstrong: We're going to reap the benefits of putting investment into people so that they can invest in themselves, really—

Ms. Liz Rykert: I think so.

Ms. Teresa J. Armstrong: —as far as health and education and, hopefully, housing etc.

Ms. Liz Rykert: I honestly believe that, at a time when you are seeing contraction in the market and you see a reduction in and pressures on employment, regardless of the division that they're in, the type of industry they're in, they're real people with real families, children to feed, people to look after, farms to look after, horses to look after. I understand that.

I think thinking about it as a government—how do we collectively, as a society, have the things in place that will actually support people during those periods, not cut back those resources?

The Chair (Mr. Bob Delaney): On that thought, I have to thank you very much for having come in to see us today.

CANADIAN THOROUGHBRED HORSE SOCIETY (ONTARIO DIVISION)

The Chair (Mr. Bob Delaney): Our next presentation is going to be the Canadian Thoroughbred Horse Society (Ontario division): Glenn Sikura. Please sit down; make yourselves comfortable.

Mr. Glenn Sikura: Thank you very much.

The Chair (Mr. Bob Delaney): You've been here for a little while so I gather you know the ground rules. You've got 10 minutes to make your presentation; there will be up to five minutes for questioning. This round of questioning will come from the government side. Please begin by stating your names for Hansard and continue.

Mr. Glenn Sikura: My name is Glenn Sikura. I'm the president of the Canadian Thoroughbred Horse Society. To my left is Julie Coulter, general manager of the Canadian Thoroughbred Horse Society, and to my right is Pete Berringer, first vice-president.

I will go as quickly as possible. It's hard to cram my 52 years of existence into 10 minutes, but I'll do my best.

We are the body that represents the interests of those within the province that supply racehorses for Woodbine Racetrack and formerly Fort Erie Race Track, which it was announced has closed as of yesterday.

My history: I've been involved in the horse industry since graduating from the University of Guelph in 1981. I was raised on a family farm prior to that, so essentially my entire life has been on a horse farm. The horse industry is my sole source of revenue. My family, like some 60,000 other Ontario families, has a long history in a business that is steeped with tradition and is part of the fabric of this nation.

This weekend, history could be made, as a Canadian owner has a horse competing for the American Triple Crown, a feat that has not been successfully completed

since 1978. In just a few weeks, the largest day in Canadian racing will take place: the running of the 153rd consecutive Queen's Plate.

Amidst these and many other Ontario success stories that have occurred recently lies an ominous black cloud. The announcement of the cancellation of the slots-at-racetracks program has sent our entire industry into a state of disbelief, shock and outrage.

The Ontario-government-commissioned Drummond report clearly did not call for an annihilation of the single most profitable Ontario Lottery and Gaming program in existence. Rather, Mr. Drummond called for a review of the slots-at-racetracks program to ensure that the government was receiving "value for money." Based on this standard, the program can only be judged as a massive success, the most successful recipient of which is the Ontario government. Municipalities and the highly labour-intensive horse industry are clearly also beneficiaries.

In spite of the fact that we represent a multi-billion-dollar industry, the government has proceeded with a scorched-earth policy which will decimate us. There was a promise of meaningful consultation with the horse industry, a vital segment of the provincial economy, and that promise has not been kept.

The current vision of the government is a massive and unpopular gamble. While there appear to be no facts to sustain the economics of the proposed new direction of gaming within the province, there are volumes of information supporting the value that the Ontario horse racing industry brings to the government and to society at large. Even members of Mr. McGuinty's own government have espoused our virtues previously, as have many of the annual reports produced by the Ontario Lottery and Gaming commission.

In our industry, we project winners based on past performance. This is a sound business principle as well. Through our facilities, our infrastructure, our cross-promotion and, most importantly, our customers, the Ontario government has had a highly successful 14-year partnership that takes place daily in a historically and socially accepted location. In horseplayers' parlance, we refer to ourselves as chalk—that's a heavy favourite. Plain and simple, slots at racetracks have by far outperformed other OLG products. The horse racing industry is a major reason for this fruitful outcome. Our industry is dumbstruck that the partnership has been cancelled. There can truly be no reasonable expectation that the \$1.1 billion that flows annually to government through this program can be replaceable. Certainly it is impossible in the short term and highly risky, at best, in the long term. That poses a severe risk to the many social programs that are currently funded through this form of income generation.

By now, the facts of our economic contribution should be well known: 60,000 jobs, \$2 billion in annual expenditures, \$1.5 billion in wages and salaries. What all of you should be aware of is the following: The Ontario thoroughbred breeding industry has outperformed every jurisdiction in North America over the last few years. We

have seen growth and we've seen massive investment of private dollars injected into a mostly stagnant Ontario economy. We have improved our product, which has resulted in more wagering and greater exports. Both government and industry are the beneficiaries of this success.

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In 2011, our premier sale saw 44% of the gross expenditures come from out-of-province buyers. While we're succeeding at bringing a vast positive net investment from those outside of our province, we sit in fear that our future is going to be sold out to foreign gaming interests. There is no plausible explanation as to how the province is financially better served in this scenario.

The most significant concern is whether or not the horse racing industry survives on parimutuel handle alone. We sincerely believe that it cannot. This is by no means to suggest that we have not been proactive in developing and modernizing our business, and I've listed some of the changes.

With our major competitor also being our regulator, we are clearly disadvantaged. Costs in our industry and the degree of labour intensity may work against our efficiencies, but they're clearly of major benefit to the province's economy.

Because of the Ontario government's slots cancellation, the breeding industry is currently fraught with uncertainty. Already, the effects of this far-too-hasty decision are taking a devastating toll on all of us. Many 2012 stallion contracts have been cancelled. Mares, in many cases, have not been bred back. Some breeders have opted out of the province, leaving farm owners with empty stalls, and staff and family members unemployed or underemployed. Mare owners are divesting in this jurisdiction and spending money elsewhere. And 2013 will only be worse without appropriate action.

A lessened foal crop in the upcoming years will lead to smaller field sizes at racetracks, which in turn leads to decreased wagering, and so the death spiral will continue.

Values of horse farms have plummeted as the economics of participation in our industry have been quashed. In spite of this, the debt load to owners remains, thus leaving the very real possibility that many may lose their properties.

There is no possible way for the breeding industry to react in the government's 12-month time frame. The breeding cycle requires long-term investment. Between purchase of the mare, gestation and marketing of the foal, the breeding sector has been left to perish.

We aren't here, cap in hand, looking for transitional funding. We've had and we need to have a viable strategy to ensure that our livelihoods are not taken away from us.

The breeding industry has acted in a responsible manner as related to slot income. We ask that government do the same. Residency requirements and a variety of Ontario-bred programs and restrictions ensure appropriate use of the revenue. Any reference otherwise is an unfair characterization.

When our industry dies or is severely contracted, there will inevitably be mass job losses. Many of those job skills that are possessed by our workers will not be transferable to other vocations. This will result in a further strain to the province's unemployment insurance program and welfare lines.

What becomes of the beloved horses that comprise our industry? You heard previous comment on that, and there's simply not any way breeders can afford to maintain their foals and their foal crop. When next year's foal crop begins to hit the ground in January 2013, stallion owners will be sending out their invoices. The stud fees, which would have been set prior to the slots' cancellation, are clearly not feasible in an environment where our industry is expected to survive with depleted resources.

Ladies and gentlemen, we are not fairly portrayed when referred to as "a small group of wealthy racetrack owners" receiving a "secret subsidy." In reality, we are 60,000 hard-working Ontarians that include grooms, jockeys, feed suppliers, farmers, veterinarians, blacksmiths, tractor dealerships, truck and trailer dealerships, fence builders, hay and straw suppliers, trainers, bedding suppliers, insurance providers, van companies, tack stores etc.

Any evaluation of the slots-at-racetracks program cannot possibly be complete without taking into account the inevitable damage to Ontario's vast equine industry. Assuming a realistic net sum accounting is to be completed by government, the only rational conclusion is that a solution must be found as quickly as possible before the horse racing industry becomes a footnote and there is significant damage to the provincial economy.

Yours, respectfully.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Mr. Sikura, for coming today and making the presentation. I really noted a comment that you made in your submission that what the industry needs is a viable strategy to ensure that the livelihoods are not taken away, so the need for a strategy of ensuring the industry is self-sufficient and has a bright future in Ontario.

Are you supportive of the announcement that was made by the government today in creating a transition panel to study the industry, to work with the industry? The panel is made up of three very reputable people from rural communities here in Ontario, from all three political parties, which could result in a viable strategy for the future of the industry.

Mr. Glenn Sikura: Sir, I'm very respectful and thankful for that, and I think it's a step in the right direction. The concept that we are transitioning people like myself and Peter and Julie out of jobs—I'm not supportive of that at all. I hope that when we sit down and speak with the representatives of that panel, there will be fruitful discussions, which are long, long overdue, and we can come up with a strategy that doesn't include quashing any of the 60,000 jobs that are employed in the province through the horse racing industry.

Mr. Yasir Naqvi: So an opportunity exists, I agree, to work together to find a self-sufficient way forward.

You talked about some of the new products that have been introduced in the racing industry over the years. Do you think there are opportunities that exist for the industry to develop new racing products in its modernization efforts?

Mr. Glenn Sikura: One of the issues is that you, the government, regulate us and you compete against us. So I would have to throw part of that back to you. We have the opportunity to create other parimutuel bets that may be popular with people. If there are table games, if there are other things that are allowed at racetracks, then we have an opportunity to compete. But if our hands are tied behind our backs and we're thrown against direct competition with no means of competing against that other than parimutuel wagering, I think the death knell of the horse industry has been made.

Mr. Yasir Naqvi: Okay, great. Thank you very much for your submission. I really appreciate it.

Mr. Glenn Sikura: Thank you, sir.

WELLESLEY INSTITUTE

The Chair (Mr. Bob Delaney): Our next presentation is from the Wellesley Institute: Michael Shapcott.

The committee should know that we're keeping an eye on proceedings in the Legislature. For the information of our guest, in the event that we hear the division bells ring, we'll give you a reasonable chance to finish your thought and we'll have to interrupt our proceedings long enough to go up and vote.

With that in mind, welcome, this afternoon. You'll have 10 minutes to address the committee and make your presentation, following which there could be up to five minutes of questioning. The questions will come from the official opposition. Please state your name for Hansard, and commence.

Mr. Michael Shapcott: Thank you very much, Mr. Chair. My name is Michael Shapcott. I'm the director of housing and innovation at the Wellesley Institute. We're an independent research and policy institute dedicated to advancing urban health. We both commission research and also engage in public policy and community mobilization.

Our submission today is really focused on eroding provincial affordable housing investments and the inequitable impact of this policy decision on the housing and health of low-, moderate- and middle-income Ontarians.

We have three specific recommendations that we want to table with the committee—they're directed to the government of Ontario, but we would invite the committee to consider them and take them on board.

The first recommendation is that the Ontario government, in terms of dealing with its budget and in particular Bill 55, should reverse the long-term erosion of affordable housing investments by committing to maintain affordable housing funding at the 2010 level

and gradually increasing funding over time to meet the housing needs of all Ontarians.

Our second recommendation is that the Ontario government should restore two critically important programs for people who rely on Ontario Works and the Ontario Disability Support Program. These are the community start-up and maintenance benefit program and the home repairs benefit program, both of which are extremely valuable to some of the most vulnerable of Ontarians in terms of accessing and maintaining healthy and affordable housing.

Finally, we wanted to say that the Wellesley Institute understands that it's necessary for the government of Ontario to ensure that there are adequate revenues to fund critical housing and related initiatives, so we do support the plan to limit further reductions to the tax rate for profitable corporations. We also support measures that seek to increase fairness by restoring more equitable tax levels for the highest income earners in the province.

In terms of the need for affordable housing investments, I'm sure that all the members of the committee are receiving on a pretty regular basis from their constituents stories about the particular housing struggles they're facing right across Ontario. The numbers are quite staggering. Canada Mortgage and Housing Corp. says that 627,530 households—that's not individuals but households—are in core housing need across Ontario. That's their definition of people who are most precariously housed and one step away from being homeless. That's about 17% of all households in the province.

We know that affordable housing wait-lists, which are another measure of the desperate nature of the housing crisis in Ontario, are, as of last year, at 152,077 households across the province. But in my hometown of the city of Toronto, I think the lists are especially encouraging—is democracy about to intrude?

The Chair (Mr. Bob Delaney): Democracy is about to break out.

Mr. Michael Shapcott: Lovely. Well, I'm glad to allow democracy to proceed.

The Chair (Mr. Bob Delaney): Have a cup of coffee, have a cup of tea. This will take a few minutes, and the committee will reconvene as soon as is practical after the vote in the House. We are now in recess.

The committee recessed from 1622 to 1636.

The Chair (Mr. Bob Delaney): Let's bring the committee back to order. I believe Mr. Prue has a motion he'd like to make.

Mr. Michael Prue: Yes. I would like to seek unanimous consent to allow Mr. Shapcott to start from the beginning. I don't think it's fair that he had about 30 seconds or a minute into his time. I think he should be able to give a 10-minute presentation all at once.

The Chair (Mr. Bob Delaney): The Chair was going to offer him that anyway.

Mr. Michael Prue: Oh, okay. Thank you.

Mr. Peter Shurman: In that case, I take exception.

The Chair (Mr. Bob Delaney): Mr. Shapcott, you are now the last actor on the stage at Queen's Park.

Mr. Michael Shapcott: And all that keeps you in the way of enjoying a delightful evening in Toronto, so I'll be—

The Chair (Mr. Bob Delaney): This is take two.

Mr. Michael Shapcott: Thank you very much for the opportunity. I am still Michael Shapcott from the Wellesley Institute, and we still work to advance urban health and population health in Ontario.

We're here today to address Bill 55 and the Ontario budget and focus in particular on eroding provincial affordable housing investments and the inequitable impact of this policy decision on the housing and health of low-, moderate- and middle-income Ontarians.

In specific, we have three recommendations that are addressed to the Ontario government that we're tabling with the committee and hope you might find favour with them.

The first recommendation: The Ontario government should reverse the long-term erosion of affordable housing investments by committing to maintain housing funding at the 2010 level and gradually increasing funding over time to meet all the housing needs of all of Ontario.

Secondly, the Ontario government should restore two critically important programs for people who rely on Ontario Works and the Ontario Disability Support Program. These are the community start-up and maintenance benefit and the home repairs benefit. These two small programs provide very important support to some of the most vulnerable Ontarians to help them to access and maintain housing.

Finally, our third recommendation, because we understand that in order to support these first two recommendations, the government needs adequate revenues to fund these and other critical initiatives, we do support the plan to stop further reductions to the tax rate for profitable corporations, and we also support measures to increase fairness by restoring more equitable tax levels for the highest income earners in the province.

The provincial operating investments in affordable housing, which help to maintain affordability and other important measures in the province's existing non-profit and co-op housing stock, were sharply cut in 2001 when the Ontario government downloaded the cost of social housing to municipalities, and operating investments have continued to erode since then.

Provincial capital investments in affordable housing, which help to fund much-needed new homes, grew substantially in 2009 as the Ontario government matched new federal housing stimulus funding, but those capital investments were cut sharply in 2011 as the federal government announced what it called the scheduled termination of several significant national housing programs.

The issue of affordable housing is one that I'm sure is familiar to all members of this committee. I'm sure you have constituents who are contacting you and telling you about their particular stories, but there are some common patterns and themes right across the province. One is, we know there's an ongoing crisis in private rental housing in the province, where about two thirds of Ontarians find

a home. Rental vacancy rates across Ontario are critically low, well below the minimum 3% that most experts agree is necessary for a healthy rental market, and in our submission, we have details on the rental vacancy rates across the province.

In addition, rents charged by private landlords have been rising in most parts of the province over the past decade much faster than the rate of inflation and outpacing the stagnant incomes of renter households. In fact, Ontario renter households actually experienced a decrease in household income from 1990 to 2009, so over a 19-year period, according to Canada Mortgage and Housing Corp., even though rents over that time rose by about 36%.

We also know that core housing need, that is, the most precariously housed Ontarians, continues to grow. The latest number, which is sadly 2006, because unfortunately our national government doesn't assign a priority to current numbers on this issue—but the 2006 number is 627,530 households across Ontario in core housing need, that is, most precariously housed. That's 17% of all households in the province. So based on historical trends and factoring in the impact of the 2008 recession, I think we can safely say that we've probably climbed to at least two thirds of a million households in this category.

1640

We know that the single biggest housing issue for most Ontarians is the cost of housing. For low-, moderate- and middle-income Ontarians, the high cost of housing crowds out other necessary spending, like food, medicine, transportation, child care and clothing.

Statistics Canada estimates that 1.3 million households—that's about one in every three households—pays 30% or more of their income on housing, which is the generally accepted definition of unaffordable housing. We know that the biggest burden of unaffordability falls on the poorest Ontarians. One of the most dramatic indicators of the province-wide affordable housing crisis are affordable housing wait-lists by municipalities. In 2011, there were 152,077 households on the so-called active wait-lists across the province. Here in the city of Toronto, the wait-lists, every month when they release their numbers, set a new record, and they've been doing that every month since 2008. If there's one indicator of how serious and how urgent the need is for new affordable housing, it's the fact that every month, month after month, since 2008 the affordable housing wait-list continues to set a new record.

Of course, this is bad for housing and it's bad for people, but it's also bad for the health of Ontarians. In our submission, we've set out some of the links between housing insecurity and illness and premature death. Many households are living in substandard housing in a poor state of repair, and that's another dimension of the housing issue.

Finally, I wanted to just quickly review the fiscal landscape for housing in Ontario, because this is the budget committee. I've already mentioned that housing operating dollars—that's the money that is used to invest

in existing housing to maintain it and keep it affordable—fell dramatically in 2001, when housing was downloaded to municipalities, and it has been falling ever since then. The Ontario government has continued to make annual cuts to operating investments over much of the past decade. What you may not know is that most Ontario operating housing investments are actually federal dollars which flow to the province and on to municipalities. The significance of that is that when the federal government decides to increase funding, you get a few more dollars, but mostly, sadly, in the last 20 years the federal government has decided to cut funding, and that means that Ontario has less money to invest in affordable housing. Indeed, in 2009 the Ontario Auditor General flagged this as being a serious issue. Don Drummond, in his report earlier this year, made a specific recommendation urging the Ontario government to negotiate a new long-term affordable housing deal with the federal government to address the long-term erosion of operating dollars. This is an urgent issue that needs to be taken up.

It has taken years for Ontario's affordable housing crisis to build up. We estimate, for instance, that if the Ontario government had merely maintained all of its pre-1995 affordable housing programs to the same level as they were in that era to the present time, we'd have 200,000 more affordable homes across the province of Ontario. That wouldn't mean that there would be nobody on wait-lists or that there would be no homeless people, but we sure would be in a lot different situation: The wait-lists would be a lot lower than they are now and there'd be a lot fewer people crowded into homeless shelters.

Ontario needs to better manage and target its housing investments. The Auditor General noted in 2009 that provincial social housing investments are going into programs that are often poorly designed; they're badly targeted and don't meet the needs of the poorest Ontarians. Often they're reaching middle-income Ontarians, which is good for them, but the people who need the help the most are being left behind. The Auditor General also noted that the province has to address this issue of the federal government's continuing withdrawal.

Finally, I wanted to mention adequate repair funding for affordable housing. The provincial government did allocate \$200 million for social housing repairs about three or four years ago. They had also passed through to the municipalities federal affordable housing repair funding, and that money has been well used. It has also established an innovative affordable housing loan fund through Infrastructure Ontario, which is another good initiative. But these initiatives fall short of the repair needs in the social housing sector, let alone the broader repair-and-upgrade needs in the private rental sector.

The Drummond commission also recognized the deteriorating quality of affordable housing as a major concern in terms of the broader question of declining municipal infrastructure and set out a series of observations and recommendations in his report.

We'd urge this committee to seriously tackle the question of eroding provincial investments on both the capital and the operating side and to take up our recommendations.

Thank you for the opportunity to make these submissions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Mr. Shapcott, for an interesting presentation.

I wanted to ask you if you would side with—I think I know the answer, but I'd appreciate your wisdom. A lot of deputants who have appeared over the course of the past two days believe that the solution to Ontario's problems—which, of course, are at the root of the issues you've raised today—is on the revenue side. Would you agree with that?

Mr. Michael Shapcott: I think you need the revenue in order to fund some solutions, yes.

Mr. Peter Shurman: Yes. But obviously, what has happened is, the government of the day has made a decision that revenue would not be the area where they would focus; rather, they would present their version of an austerity budget. So what I guess I'm trying to draw you out on is, because you alluded to the tax system, do you think that the tax system needs revision to be even more strongly—I'll just say in the face of corporate and individual taxpayers, and that people should pay more? I don't want to put the words in your mouth; I just want to hear what you have to say on it.

Mr. Michael Shapcott: Well, my colleague Sheila Block, who is our director of economic analysis, produced a paper a little while back with the title *Austerity is Bad For Your Health*, which I think suggests in one phrase the view that the Wellesley Institute has about this. We do think that while there's always room for reviewing expenditures and efficiently targeting, as we've said in our submission, we do have to have a fair and efficient tax system and an equitable tax system, and the tax system has gotten badly out of whack lately. In our submission today, we specifically do talk about how, both on the corporate and on the individual tax side, there is room.

We know that other organizations, up to and including the Organisation for Economic Co-operation and Development in its reviews on inequality, have made the same observations generally about Canada and provincial governments.

Mr. Peter Shurman: Okay. Well, you and I have been around for a day or two. We know a little bit about history, and you've been a very active person on the social scene in Toronto. You know that in 2003, Dalton McGuinty and the Liberals were elected to govern the province. That year, the budget looked at spending about \$65 billion, and this year it looks to spend about \$130 billion. You also know that by spending that kind of money, we're left with a shortfall called a deficit of about \$15 billion, and you know that inside that budget, one of the chief costs is interest because we've borrowed so much, about \$11 billion.

I know that you're not presenting yourself as either an economist or a budget guru, but I'm looking to get your take on responsibility here. However you slice it, whether you think he's responsible or you think societal conditions are responsible—whatever you think is responsible—we have a problem that we have to solve together. It's impacting on the area of your concern in a very large way. It's for the Liberals or my party or the NDP or all of us to come up with solutions. How do we even start?

Mr. Michael Shapcott: I think, Mr. Shurman, you're quite right. I'm not an economist, although I have been invited to and have participated in several economic forums with the Organisation for Economic Co-operation and Development, in particular looking at economic policy and social policy and how they interact. The one additional factor, I think, that has to be added into your equation is what has happened with the overall size of the economy during the years that you've mentioned. I don't have the numbers off the top of my head, but most economists, when they ask about what is the relative capacity of governments on both the spending and the tax side, compare it to the overall GDP. Of course, as GDP grows, there's increased capacity for all sorts of economic activity, both public and private sector activity. We would say that certainly, the Ontario economy did grow through much of that period—not so much post-2008, but certainly before 2008—and that would indicate that there should be a healthy growth on both the revenue side and the expenditure side. What we did see, however, was both before 2003 and after 2003 governments deliberately tamping down on the revenue side, which restricts the amount of money available. That creates the deficit which then, of course, we do have to finance.

Mr. Peter Shurman: Solution to your problems: It's easy to throw things at you—

The Chair (Mr. Bob Delaney): You've got to get to the point quick.

Mr. Peter Shurman: I'll get to the point quick. What if somebody said, "We're going to solve the problem of affordable units and the wait-lists for them," which are, as you pointed out, excessive, "by just simply paying a rental supplement"?

Mr. Michael Shapcott: I pointed out already that the private sector rental vacancy rate across the province is at a critically low level. Here in the city of Toronto, Canada Mortgage and Housing Corp. says there's about 5,000 vacant rental units. There are 83,000 households on the wait-list, so there's no mathematical possibility of providing—even if every one of those 5,000 vacant units, some of which are at the high end of the scale and not appropriate, could be matched with a rent supplement or a tenant moved in there, a household, we'd still have 75,000 households. So we have to have a supply part of the solution as well as a rent supplement solution.

I'm all in favour of housing allowances. When the Conservatives announced them as part of the Common

Sense Revolution in 1995, we thought it was a good idea, and we were sorry they decided not to proceed with that. They took a different course. They were part of the solution.

The Chair (Mr. Bob Delaney): And there you have it. You've had the last word.

Mr. Michael Shapcott: Thank you very much.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Peter Shurman: Thank you.

The Chair (Mr. Bob Delaney): I just want to thank the committee for all of its work yesterday and today. We'll meet again tomorrow at 11 o'clock, right here in your favourite room, 151.

Mr. Peter Shurman: Are we good enough to go from 11 and finish—do we have to go to 9, or are we going to finish early? What do you think?

Mr. Victor Fedeli: We're not scheduled till 9.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Possibly 6.

The Chair (Mr. Bob Delaney): Yes, 6.

Mr. Peter Shurman: And are we going to go to 6?

The Clerk of the Committee (Ms. Valerie Quioc Lim): We'll see, depending on the presenters.

Mr. Peter Shurman: I realize that, but I'm just wondering what your load is at this point.

The Chair (Mr. Bob Delaney): You can count on the Chair's best efforts to be expeditious in our use of time.

Mr. Peter Shurman: I know. I'm being sincere.

COMMITTEE BUSINESS

The Chair (Mr. Bob Delaney): One last item before we adjourn. I'm quoting from the unanimous consent motion just as an update.

The Standing Committee on Finance and Economic Affairs "shall be assigned the review of the auto insurance industry, currently being conducted by the Standing Committee on General Government pursuant to standing order 111, and that all evidence and papers relating to this review be transferred to the Standing Committee on Finance and Economic Affairs; and

"The committee is authorized to meet during the summer adjournment for the purpose of this review on up to 4 days during June/July, on dates and in locations in Ontario established by the committee."

I'm just reading this into the record to serve notice to everybody that next week we will convene a meeting of the subcommittee to discuss those four dates and locations. I'm giving you an early warning; this has sneaked up on me. I know you all share my excitement and enthusiasm for the task during our summer recess.

With that, our business for today is concluded. I will see you Friday at 11 o'clock, right here in room 151. We are adjourned.

The committee adjourned at 1654.

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