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**Official Report
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Monday 11 June 2012

**Journal
des débats
(Hansard)**

Lundi 11 juin 2012

**Standing Committee on
Finance and Economic Affairs**

Strong Action for Ontario Act
(Budget Measures), 2012

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

Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)

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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**

Monday 11 June 2012

Lundi 11 juin 2012

The committee met at 0901 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, everybody. I hope we all had good weekends. We are here to resume consideration of Bill 55. Before we get under way, I have just a little housekeeping reminder. I'd like to remind committee members that pursuant to the order of the House dated May 31, 2012, the deadline to file amendments with the committee clerk is tomorrow, June 12, at 6 p.m.

MR. DAVID CLEMENS

The Chair (Mr. Bob Delaney): Our first presentation today is from David Clemens. Take a seat anywhere, David; they're all the same. Good morning. It's nice of you to come in nice and early and get us started. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. The question rotation this time begins with the official opposition. Please begin by stating your name for Hansard and then continue.

Mr. David Clemens: My name is David Clemens. Good morning, ladies and gentlemen. Thank you for this opportunity to speak on Bill 55.

I am an ordinary citizen taxpayer with no vested interest, other than a desire to live in a just, equitable society. I do not claim to be an expert. My knowledge and awareness come from having been interested in the issues of poverty and income inequality, and I've made a few presentations to groups within my church community based on my readings from various sources.

To set the stage for my comments on Bill 55, let me first provide a bit of background. There is a great deal of research which indicates that societies that are more equitable experience lower rates of violence, drug abuse, mental illness and imprisonment, and higher degrees of

child well-being, educational attainment, good physical health and social mobility.

During a four-year experiment in Dauphin, Manitoba in the 1970s, low-income residents were lifted and kept out of poverty using a negative income tax. Analysis indicates that during this period, there were lower rates of hospital admissions, fewer accidents or serious injuries, a lower high school dropout rate, fewer arrests and convictions, and fewer consultations for mental illness. Of special interest is the fact that people did not stop working or reduce their hours to get "free money" from the government. It is obvious that everyone, in all socio-economic levels, benefits from greater equality.

There have long been biases against the poor, and perhaps this makes it more politically difficult to ease the financial burdens of the poor and the less fortunate members of society. Senator Hugh Segal has stated, "Based on the current allowances provided by the welfare system, I ... refuse to accept that people purposely choose to avoid employment in order to subsist on such a paltry income ... [I]ndividuals who turn to welfare do so as a last recourse. Whether the situation is the result of abuse, job loss, lack of education or training, addiction or single-parent households, our duty as Canadians and human beings is to guarantee an income that allows people to provide for themselves and their families while affording them a level of dignity that boosts confidence and inspires hope." That's the end of the quote from Hugh Segal.

Numerous studies show that those most at risk of living in poverty are children—one in seven in Ontario—lone parents, single female seniors, recent immigrants, racial minorities and people with disabilities. In Ontario today, a single individual depending on social assistance receives approximately 60% below the poverty line. A lone parent with two children receives approximately 40% below the poverty line. As we know, food bank usage is at its highest level ever.

Given that these conditions are unacceptable in our otherwise affluent society, how could the government move toward a society with greater equality, ensuring a basically decent quality of life for all?

In the short term and with reference to Bill 55, it could decide not to proceed with the proposed freeze on social assistance payments. As we know, although in recent years the government has raised these payments incrementally, after being adjusted for inflation, they have still not reached the level at which they were before

the drastic reductions in 1995. And they are still way below what is actually needed to experience a basic quality of life in Ontario. It should be recognized that social assistance payments are a form of economic stimulus, as all of the money paid out goes back into the economy very quickly.

With reference to schedule 66 of Bill 55, while the Ontario child benefit has, in fact, had a beneficial impact on a portion of families with children living in poverty, much more needs to be done. The originally announced increase to \$1,310 per month should be implemented this year rather than deferred.

Another step that could be taken would be to immediately institute a \$100-per-month healthy food supplement for those on social assistance. As we know, the vast percentage of a social assistance recipient's income goes to housing costs, with very little remaining for food.

In the longer term, the government needs to take a hard look at the revenue side of the budget. In recent years our "progressive" taxation system has become much less progressive. The provision of schedule 67 of Bill 55 is a step in the right direction, but more needs to be done. I would like to recommend that Mr. Don Drummond or someone of equal capability now be asked to look at the revenue side and to make recommendations on how the government could generate the revenue needed to meet the needs of all our citizens, including especially those most impoverished.

There may be some hope in the forthcoming recommendations of the social assistance review committee, if it is able to simplify the complex regulation structure and to eliminate the so-called welfare wall that makes it difficult for those on social assistance to move to employment, even part-time.

Other measures that should be considered in the future are a further increase in the minimum wage so that a person working full-time would have an annual income at or above the poverty line. Also, a housing benefit for low-income Ontarians would help them to deal with the high cost of housing.

These are my personal observations based upon my interest in these areas. It should be acknowledged that there are many groups, both faith-based and secular, that are concerned about reducing poverty and income inequality. A few of these groups that I have found to be conscientious and dedicated are: Poverty Free Ontario, Voices for a Just Society, the Interfaith Social Assistance Reform Coalition, Campaign 2000, 25 in 5, Leadnow, Avaaz, the Canadian Centre for Policy Alternatives and the National Council of Welfare.

I thank you for your consideration.

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

Mr. Monte McNaughton: Well, thank you very much for coming here this morning. I have a question, and then my colleague Mr. Fedeli does as well.

As you know, the Ontario government is currently spending about \$1.8 million more per hour than it's taking in in revenue, faced with a \$16-billion deficit and

a debt that could be headed toward \$411 billion if drastic action isn't taken. Considering that and what you're talking about in your presentation, how would you recommend that the government balances the books and deal with issues that you've put forward?

Mr. David Clemens: As I mentioned in my brief, I really believe a hard look needs to be taken at the revenue side.

Just as an aside, I have in my pocket—I wasn't sure I should wear this. It says, "Tax me—end poverty." A group at our church produced these little buttons, and we wear them around.

Thinking of the city experience, when drastic cuts were being proposed, we had to find \$100 million out of the city budget somehow.

Many, many people spoke to city council saying, "We want and need the services that the city provides, and we're willing to pay more tax to get them."

0910

I'm not saying just tax the rich to find more money, but I am saying there must be some other revenue sources available, and that includes individuals paying a bit more in order to meet the needs of our fellow citizens.

Mr. Monte McNaughton: So would you have any idea which taxes should be increased and by how much?

Mr. David Clemens: I haven't gone into the details of that. Mr. Don Drummond seems to be a very reputable person. He's given a lot of thought to the spending side. I think he or someone else could easily give more thought to how we increase the revenue so that we can in fact meet the needs of our citizens.

Mr. Monte McNaughton: Thank you. Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Mr. Clemens, for appearing here today. It's not an easy thing to do, and we appreciate your opportunity to come here today and speak to us.

My question is going to be about revenue, and it ties into what you just finished saying. In your fourth paragraph you say "the government needs to take a...look at the revenue side of the budget" and you recommend that Don Drummond, or someone of that equal stature "be asked to look at the revenue side, and to make recommendations on how the government could generate the revenue needed."

My question to you is, would it be a surprise to you to know that eight years ago our revenue was \$65 billion and, today, our budget is \$125 billion? We would contend that we don't have a revenue problem, we have a spending problem. Would that \$65-billion-to-\$125-billion change in only eight years come as a surprise?

Mr. David Clemens: Not particularly. Not being an economist, I'm not prepared to deal with all the issues such as gross national product and so on, but if you look around you, the province of Ontario, despite the fact that relative to other provinces we seem to be having more difficulty, there is a lot of affluence here. I believe, really, something needs to be done to create greater equality.

Mr. Victor Fedeli: You and I may not disagree on that one at all, but I contend that it's not a revenue prob-

lem, as you outline in your fourth paragraph; it is absolutely a spending problem.

Mr. David Clemens: I think there have been some deliberate decisions made to reduce the income of the government by giving tax cuts in many places, but also I think worldwide there is some consideration of new forms of taxation, such as taxation on very large financial transactions, for example. If that could in fact take place, it would help governments all around the world and, ideally, it could help the Ontario government.

Mr. Victor Fedeli: Again, thank you so much for being here today. Your time is much appreciated.

Mr. David Clemens: Thank you.

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

Our next presentation is the Ontario Association of Career Colleges, Frank Gerencser, Sherika Alexander.

Mr. Frank Gerencser: Good morning, gentlemen. May I ask your indulgence? Our student, Sherika Alexander, has never been to Queen's Park before and is learning the chagrin of parking problems. She's only about five minutes away. If the 9:30 is willing to switch with me—is that all right, Chair?

The Chair (Mr. Bob Delaney): If that's fine with you, we have no trouble with that at all.

Mr. Frank Gerencser: Thank you.

ONTARIO FEDERATION OF ANGLERS AND HUNTERS

The Chair (Mr. Bob Delaney): The Ontario Federation of Anglers and Hunters, Terry Quinney.

Good morning. Make yourself comfortable. If you've been here for a few minutes, you'll know the ground rules. You have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Just introduce yourself for Hansard and proceed.

Mr. Terry Quinney: Thank you, Mr. Chair. My name is Terry Quinney. Good morning. On behalf of the Ontario Federation of Anglers and Hunters, its 100,000 members, subscribers and supporters and 675 community-based clubs, thank you for the opportunity to address Bill 55, the Strong Action for Ontario Act, 2012. I am the provincial manager of fish and wildlife services for the Ontario Federation of Anglers and Hunters.

The Ontario Ministry of Natural Resources now has legislative responsibility for 46 pieces of legislation, but the Ontario government provides only one half of 1% of its provincial budget to the MNR—half of one cent on every dollar spent, as Environmental Commissioner Gord Miller reminds us. Bill 55 will further reduce the MNR budget by \$86 million.

Amendments are proposed by the Ontario government, through Bill 55, to six acts of great importance to the Ontario Federation of Anglers and Hunters, because each of these six acts makes important contributions to fish and wildlife conservation in Ontario.

For example, in schedule 15 of Bill 55, the Crown Forest Sustainability Act has proposed amendments. The Crown Forest Sustainability Act helps ensure that wildlife habitat is supplied by forestry activities and access by the public to crown forest resources, such as fish and wildlife, is supplied.

Schedule 23 proposes 14 changes to the Fish and Wildlife Conservation Act. The full title of the Fish and Wildlife Conservation Act is An Act to promote the conservation of fish and wildlife through the revision of the Game and Fish Act.

Schedule 34 proposes amendments to the Lakes and Rivers Improvement Act. The purposes of this act provide for the management, perpetuation and use of fish, wildlife and other natural resources dependent on lakes and rivers.

Schedule 59 proposes changes to the Public Lands Act.

On April 10, 2012, we wrote to the Ontario Ministry of Natural Resources asking them to further explain the rationale/motivation for the legislative amendments proposed for the Fish and Wildlife Conservation Act, the Lakes and Rivers Improvement Act, the Provincial Parks and Conservation Reserves Act, the Crown Forest Sustainability Act, the Public Lands Act and the Endangered Species Act. We also asked the MNR to indicate to us the nature or types of regulations that will result from each of the act amendments, and describe for us the implications of the legislative changes for fishing, hunting, access to fishing and hunting, and fish and wildlife management.

On May 31, 2012, we received answers to some of our questions from the MNR. For example, "Under the Fish and Wildlife Conservation Act, we are proposing amendments that would allow a reduction in the number of authorizations and licences that are required and instead set standards that individuals or organizations would need to meet."

On June 4, 2012—I believe that was a week ago today—we received additional answers from the MNR to some of the questions we asked in our April 10, 2012, letter to them.

For each and every amendment proposed in schedules 15, 19, 23, 34, 58 and 59, we have three specific questions for the Ministry of Natural Resources. Firstly, what is the intent of the proposed change? Secondly, what functional change will result from the proposed amendment? Thirdly, what might the future associated regulation or regulations look like as a result of the proposed amendment?

With answers to these questions, we would have been able to tell you and the government whether we agree with all of the proposed amendments and can support the government proposals, whether we disagree with some of them and why, or whether alternative wording to some proposed changes would be advised. Perhaps you would consider asking these questions.

0920

At this time, we do have one additional amendment to propose for schedule 15, that is, the Fish and Wildlife

Conservation Act. Earlier in this presentation to you, I referred to the full title of the Fish and Wildlife Conservation Act as “An Act to promote the conservation of fish and wildlife through the revision of the Game and Fish Act.” Surprisingly, no definition is given for “conservation” in the act despite the inclusion of a definitions section in the act which provides over 40 definitions.

We are requesting that the following definition of “conservation” be incorporated: “Conservation is the protection, use and management of natural resources to supply benefits at optimal sustainable levels for present and future generations of Ontarians.”

This proposed amendment could simply be added to the definitions in the Fish and Wildlife Conservation Act which occur in part I, which is “Interpretation and Application.” This addition of a conservation definition would be an important enhancement to the existing legislation, because it provides a unifying purpose to the act.

It should also be a welcomed enhancement because previously, all three provincial parties—the Ontario Liberals, the Progressive Conservatives of Ontario, and the Ontario New Democratic Party—have all endorsed and supported this definition of “conservation,” which I have provided to you.

With that, I thank you very much for listening to me.

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

Mr. Michael Prue: Yes, a couple of questions: First of all, is this usual that the government or MNR or, I don’t know, whoever you were writing to sort of ignores your questions? I think you were looking for detailed answers and you got vague generalities.

Mr. Terry Quinney: I’ve been with the Ontario Federation of Anglers and Hunters—this is my 24th year. I’ve never encountered a situation in my professional career where so many pieces of legislation of importance to fish and wildlife conservation in the province have been rolled into an omnibus bill. As a result, we are told by the staff at MNR that they are not allowed to describe the details of the act and answer the questions we had posed until the legislation is passed.

Mr. Michael Prue: I am quite worried, actually, about MNR. There was a time not too many years ago that MNR made up about 5% of the total provincial budget and now it’s down to half of 1% and is about to be reduced some more. How does this bode for fish and wildlife protection in Ontario? There can’t be as many enforcement officers; there can’t be as many programs; there can’t be as many restockings of lakes. None of this is possible without resources.

Mr. Terry Quinney: We have been told flat out that for MNR this budget will result in fewer people, fewer MNR locations and fewer MNR programs.

What I would emphasize to the committee and the government is that fish and wildlife management related to fishing and hunting in this province makes money for the province and creates jobs. In fact, we continue to try and convince the Ontario government that investments in fish and wildlife management return very substantial and significant returns to the province.

My recollection is that several years ago, MNR themselves did a study just on this topic with reference to their fish and wildlife programs. If memory serves me, the return for every government dollar invested was \$21. Now, ladies and gentlemen, if I had a bank account that returned \$21 on every dollar invested, boy, would I ever be happy.

The point is that renewable natural resources like fish and wildlife can create wealth, can sustain jobs and can sustain a green economy, but collectively, we need to sufficiently invest in those renewable natural resources in order to realize those returns, in order to realize those benefits to people and society.

Mr. Michael Prue: The \$86 million that’s being cut—obviously, you’d like to see that restored or at least not cut. Any ideas on where that money might come from? This is a finance committee; we always have to look at the broad financial picture. The government is \$15 billion in deficit. I think they’re cutting in the wrong place, but any thoughts on where that money might come from?

Mr. Terry Quinney: Well, thank you for the question. If I could perhaps try to answer it in several parts. In the case of fish and wildlife management and the Ontario Ministry of Natural Resources budget—

The Chair (Mr. Bob Delaney): You’ll have to answer it very succinctly.

Mr. Terry Quinney: —a significant portion of the MNR budget is already provided directly from hunting and fishing licence revenue fees from anglers and hunters. If memory serves me, about 75% of the current MNR budget is directly a result of angling and hunting licence revenues to the government. You can see already that anglers and hunters, for example, pay a significant portion of all fish and wildlife management in the province—

The Chair (Mr. Bob Delaney): Thank you. I’m sorry, I’m going to have to cut you off there. Thank you very much for having come in today and for making your presentation.

ONTARIO ASSOCIATION OF CAREER COLLEGES

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Association of Career Colleges. Good morning again.

Mr. Frank Gerencser: Good morning.

The Chair (Mr. Bob Delaney): You’ll have 10 minutes to make your presentation this morning, followed by up to five minutes of questioning. This rotation, the questioning will come from the government side. Please begin by stating your name for Hansard and proceed.

Mr. Frank Gerencser: Thank you, Bob. I look forward to finding some good fishing tips from Terry about where I should actually invest some of my money.

Good morning. My name is Frank Gerencser. I’m a director on the board of the Ontario Association of Career Colleges. With me is Sherika Alexander, a student

of Access Business College, funded by the Second Career program and graduating this Friday, I've just learned. We represent the Ontario Association of Career Colleges.

Career colleges are an important part of Ontario's educational landscape and have been for over 140 years. OACC is a non-profit organization that was established in 1973 to provide a voice for private career colleges and to promote a healthy private career college sector. The OACC is a partner with the National Association of Career Colleges, which was established in 1896.

There are over 600 private career colleges in Ontario—I would say that there are several in each and every one of your ridings—which train approximately 65,000 students each year. The 270 OACC member colleges deliver high-quality education and represent approximately two thirds of all the students in career colleges in Ontario.

Career college students have a graduation rate of 80%, and approximately 80% of all career college graduates are employed within six months of graduation. The career college sector in Ontario employs 12,000 people and, since this is a revenue committee, pays \$94 million in taxes annually. This does not include the income taxes paid by staff or by the working graduates who go to our schools.

Career colleges receive no direct government funding, although students attending career colleges access a variety of government funding programs such as OSAP, Second Career and WSIB retraining programs. Unlike community colleges, our capital costs for infrastructure and equipment are funded from operating revenue, not from grants.

Today, I would like to speak about four items that are included in the budget: the Second Career program; the Ontario tuition grant; strengthening apprenticeships; and MTCU's three-year target in cost reductions to \$121 million.

0930

I'd like to invite Sherika Alexander, who is a student at Access Business College, to speak about her experience with the Second Career program. Sherika?

Ms. Sherika Alexander: Good morning, everyone. My name is Sherika Alexander. I'm a single mother of four kids and also two siblings I took from my mum who I'm legally responsible for.

After losing my job, it became very stressful in my life. I got help from EI for one year. With little or no income, it's very hard to process and position yourself. With no income and no job, it landed me in the shelter with my four kids and my two siblings. Because I could not pay my rent or buy food, I started stressing a lot, with the result that I ended up with high blood pressure; I got sick. I found out I have thyroids, which now I'm on lifetime medications for. Last year, I was diagnosed with cervical cancer, and when I was about to go into surgery, they ran some other tests and it was gone, which is a good thing. Because of all that I went through, I've always wanted to go to school. I got help from Second

Career, which I'm very thankful for because I couldn't pay it off on my own. Now I'm in college doing a business course. This helped me and also it will help my kids in the future.

As I always say, if I can do it with four kids and two siblings, anyone can do it. There shouldn't be any stress in pushing yourself to get up and do it. We should just get up and do it, because it's something that will help in the long run.

I chose Access college because, after explaining my situation, they helped me a lot, and I applied for the Second Career, for which, as I said before, I'm very thankful, because I couldn't afford anything on my own. There's no need to push yourself. You just get up and get, because it pays off in the long run.

I just want to thank the OACC and the government for putting Second Career in place, because it not only helped me, it helps a lot of people out there. Thank you.

Mr. Frank Gerencser: Thank you, Sherika. Based on the success from Sherika and thousands of other students, we support the government's commitment to maintaining funding of \$251 million in 2012-13, as outlined in the budget.

The Second Career program, however, is not perfect. There are some errors in the Second Career policies that deny students from being able to take their first choice. They effectively force them to go to a community college program, even though their first choice would be a career college where there would be more students like them. Some community colleges are now offering similar programs in the same accelerated format as career colleges, with full funding, up to \$28,000, from the Second Career program, while students are limited to a \$10,000 tuition cap at career colleges. Students are being denied a choice in their education, even though they would prefer the smaller, more supportive environment offered by career colleges.

We recommend that the tuition cap be raised and applied universally, both to community colleges and career colleges. Let the students choose what they feel is the right school for them. Overall, however, the Second Career program is very valuable. It works. It puts Ontarians back to work, helping Ontarians re-enter the workforce in new careers.

The second point is the Ontario tuition grant. The new Ontario tuition grant is currently available only to students who attend publicly funded institutions. We don't believe that students who choose a career college should be disadvantaged from this opportunity to receive this grant. We look forward to working with MTCU to ensure that all students attending OSAP-eligible institutions are able to access the Ontario tuition grant.

Third, strengthening apprenticeships: The budget states that measures will be taken to redesign the Ontario Youth Apprenticeship Program and the pre-apprenticeship program to enhance their effectiveness. There is currently a great deal of high-quality pre-apprenticeship training that is being conducted at career colleges that is valued by the employers but not recognized by the

current apprenticeship system. We support initiatives to enhance the effectiveness of the apprenticeship pathways and look forward to working with MTCU and the Ontario College of Trades to ensure that training completed at career colleges is recognized by the apprenticeship system so students do not have to re-do training that they've already completed.

And last, MTCU cost reductions of \$121 million over three years: We recognize the fiscal constraints of the government and look forward to working with the Ministry of Training, Colleges and Universities to assist them in meeting the budget target savings of \$121 million through efficiency enhancements, while ensuring the highest quality of education for students.

You may not know this, but the total cost to the taxpayer of a career college graduate is less than \$4,000, whereas the total cost to the taxpayer of each community college graduate is over \$30,000. Career colleges deliver a high-quality education in an efficient manner that helps Ontarians get jobs. Our programs are rated equal when you look at things like the Law Society of Upper Canada, where the programs are accredited whether public or private. Overall, taxpayers save \$26,000 for every student that's trained in a career college.

The career colleges sector can assist the government in the goal to enhance productivity, to support efficiency and support quality education for students. We look forward to working with MTCU to achieve this goal. We also look forward to working with MTCU to reduce the unnecessary red tape within the ministry to allow career colleges to get more Ontarians back to work in this fast-changing economy.

Thank you very much for your time. OACC would be pleased to discuss the budget further in the Standing Committee on Finance and Economic Affairs. We look forward to working in partnership to ensure that the education of the changing workforce is met.

I'd like to thank those of you who were able to make it to our Queen's Park day last month. I really appreciated that. And if anyone would like to see a career college, I'd be pleased to arrange a private tour for you over the summer when you're back in your riding.

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

Mr. Yasir Naqvi: Frank, thank you for your presentation. I want to also thank Sherika for your presentation and your courage in terms of going back to school and studying for a new career. I really appreciate you doing that.

I was recently at a graduation ceremony in my riding of Ottawa Centre, for Willis College, which has been operating for some time, and there were a lot of stories of courage like yours. There was a lady, 65 years old, who's gone back to college and was just back engaged in the community, and it was great to see that.

I wanted to ask either Frank or Sherika about the Second Career program. By all estimates, would you agree that it's been a big success in terms of helping people reintegrate back into the workforce?

Mr. Frank Gerencser: On a big picture, I would absolutely say it's been a big success. There's a very high placement rate that's over there, a very high percentage of the students who are finding work. I don't believe that the Second Career program is a partisan issue at all. I think this is something that all of us, all Ontarians and all parties, should be able to support. I think it's an excellent program. Sherika is a testimony to it in her own personal case.

Mr. Yasir Naqvi: Do you agree with the changes that were made? I think there's been now sort of two versions. There was the first version of the Second Career program that came out and there was what I call the 2.0 version that came out, where we made some more changes and tried to accommodate more people who could participate in terms of criteria in the program. Were those in the right direction?

Mr. Frank Gerencser: They're in the right direction, but there are a few parts that are misguided. Right now, if you're an individual and you want to be funded through Second Career, you have to go to a community college to explore it, which is fair so that you understand both sides of what's there. But many people are being strong-armed into going there and the funding cap is biasing the system.

A specific example: Conestoga College has an \$18,000 networking program, which I would assume is a cost-recovery program, which says that \$18,000 is the real cost of running a full-time, one-year, high-intensity networking program. We offer a similar program in a similar period of time and have done for a dozen years, except students can only get \$10,000, so they have to get a shorter program through us. That's unfair. Students feel they have no choice and they're being strong-armed into going to a community college.

As I pointed out earlier, it's \$26,000 in savings for every student who goes to a career college versus a community college. You could save money for your taxes and your grant money and your budget by simply letting the students choose. I don't say force them to privates, but don't force them to publics either.

Mr. Yasir Naqvi: Okay. Those are good suggestions.

I also wanted to just quickly ask you—one of the stated policy goals that the government is working towards is having one of the highest post-secondary education attainment rates. Any specific recommendation from the perspective of career colleges as to how we can meet that stated policy goal?

Mr. Frank Gerencser: There are many different facets of what we've got. I have an 18- and a 19-year-old in post-secondary as well, so I'm personally involved in the whole system that's here. The biggest thing you can do is unleash us. There are so many good schools.

You saw Rima in Ottawa at her graduation. She's been in business for 120 years. She's had it for about 20 years herself. There are so many great stories. I'm not sure how many of you have made it to a graduation. You really should; we'll invite you. By allowing career colleges to create new programs and reduce the red tape so that we can get new programs faster—the economy is changing

faster than a top can spin. We need to be able to react to those, and we can, and create the people to fill the new jobs that are needed right now. Work with us, unleash us, support us and we'll work with you.

Mr. Yasir Naqvi: Great. Thank you very much for your time.

Sherika, it was nice to meet you and thank you for coming and presenting.

Ms. Sherika Alexander: Thank you.

Mr. Frank Gerencser: Thanks for your time, everybody.

The Chair (Mr. Bob Delaney): Thanks, Frank.

0940

MS. ANNA WILLATS

The Chair (Mr. Bob Delaney): Our next presentation is Anna Willats. Good morning. Make yourself comfortable.

If you've been here for a few minutes, you kind of get the ground rules. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. In this rotation, your questions will come from the opposition. Please begin by stating your name for Hansard and continue.

Ms. Anna Willats: Hi, everybody. My name is Anna Willats, and I thank you very much for the opportunity to address the committee on the subject of Bill 55.

I'm a resident of Toronto, in the Annex. I've been a professor in the assaulted women's and children's counsellor/advocate program at George Brown College since 2000, and part of my work at the college has also included work with poor and marginalized women who have experienced violence and who are interested in pursuing training and employment in skilled trades. I've also done extensive community leadership training with Toronto-area drop-ins since 2007. Before coming to George Brown College, I worked as a counsellor and advocate at the Toronto Rape Crisis Centre for 17 years.

My work with women who have experienced violence and with people who have lived experience with psychiatric disabilities, poverty and homelessness has demonstrated to me time and again the vital role that economic and social supports play in enabling them to live their lives with safety, independence and dignity. If I had time today, I could tell you many, many stories about the difference that community supports—such as the community start-up fund, the Ontario child benefit, subsidized child care and housing, and bursaries and post-secondary training—have made. Women and their children have been able to leave abusive relationships and stay out of those relationships. People with psychiatric disabilities have been able to find meaningful volunteer and paid work in service to their communities. Youth have been supported to turn away from violence and toward post-secondary education, and on and on.

I am very concerned about the direction that Bill 55 is taking Ontario. As I believe you are aware, people on OW and ODSP have fallen farther and farther behind since the drastic Harris cuts of 1995, and despite small

increases over the last few years, they continue to fall behind. The proposed 1% increase to OW and ODSP, the cancellation of the community start-up fund, the delayed increase in the Ontario child benefit—I believe that these will continue this negative trend.

These actions will also undermine the gains that have been made through other positive provincial government programs and initiatives. You just heard about the Second Career program, for example. As well, I've worked for the last four years with the support of the Ontario Women's Directorate's domestic violence employment training projects. They've targeted funding to assist abused women to gain skilled trades training in preparation for employment and have helped many women to rebuild their lives after experiencing abuse. But these are the same women who will fall farther behind and who will find it harder and harder to escape violence and live independently if the child benefit increase is delayed, if access to the community start-up fund is ended—my students use that fund when they begin their job placements—and the rates of OW remain stagnant.

Research has clearly established that increased inequality leads to increased health and social problems in our society. We know that these problems fall disproportionately on the shoulders of women—particularly mothers—racialized peoples, the old and the young and on people with disabilities, leading to increased exposure and vulnerability to violence, poorer health outcomes and social unrest.

This is why Bill 55, and indeed every piece of policy and legislation that is brought forward for consideration by the government, should be subject to review through an equality lens that illuminates the possible impacts of all government policy and legislation on equity-seeking groups and proposes steps to reduce those impacts. The upcoming Ontario social assistance review is an example of the kind of review that should be incorporated into the budget process rather than being conducted separately and dealt with as an optional consideration.

On several occasions over the last few years, community organizations have challenged politicians to try to live for a day or a week or a month on the amount of money a person receiving social assistance or the minimum wage receives. While this is a valuable awareness-raising strategy, it's time to take real action to close the gap between those who make the decisions about income supports and rates and those who have to live with those decisions.

So here are my recommendations:

Please amend schedule 66 to reinstate the original increase to the Ontario child benefit and implement it this year. Immediately institute a \$100-per-month healthy food supplement for people on OW and ODSP, and include a provision that allows for future amendments based on the findings of the upcoming social assistance review committee in the fall, to be implemented where appropriate.

Amend schedule 67 to exempt from the Taxpayer Protection Act any tax change which would increase income

equality, and authorize a study similar to the recent Drummond report of current and potential revenue sources, including tax revenues, in order to reduce the large gap between those with the lowest incomes in Ontario and those with the highest. I believe that the provision authorizing an additional 2% tax on individual income over \$500,000 should be expanded to create a more progressive taxation system, beginning at individual incomes of \$125,000.

Amend schedule 38 to calibrate the base salary of a MLA to the average income of those with the lowest incomes in Ontario, namely those on the Ontario Disability Support Program, Ontario Works and in a job earning a minimum wage. I believe we can and should work towards the goal of ensuring that a MLA's base salary is no more than five times the amount of the incomes of the people who make do on minimal wage and social assistance by the next election.

Respectfully submitted. Thank you.

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

Mr. Peter Shurman: Thank you very much, Anna. I appreciate it, but I do want to make a comment. I'm really tired of hearing about the Harris cuts of 1995. You're here to talk to me about the Harris cuts, and everybody else—about the McGuinty cuts of 2012. That's what we're talking about, so let's be clear on that.

I want to tell you, I agree with your priorities. However, I don't set the priorities. The priorities are set by the people who authored the budget. Ultimately, that's who you're talking to. So you're concerned—as you clearly are, as am I—about the inequities that we find in marginalized people and groups in our society—women who have had all kinds of problems in their lives that maybe they didn't create, children, that kind of thing. You talk about healthy food, a \$100 supplement. I've taken that test about how much you can live on—you know, "Smartass MPP, can you do it?" I think we all have.

So I hear you loud and clear, but I want your reaction to priorities because you've given us some priorities, and we have a limited amount of money—I'm talking about the big "we," we in Ontario—to work with. This budget is \$125 billion in spending. That's almost twice as much as what Dalton McGuinty inherited when he took office in 2003. We contend that what we're dealing with here is not a revenue problem—there's plenty of revenue coming in—it's where it's going. I want your reaction to that.

Ms. Anna Willats: I'm happy to do so. First, I'll say I believe that the people on OW and ODSP are also very tired of hearing about the Harris tax cuts, as they are living with them. I am clear in the deputation that those cuts have not been addressed adequately by the McGuinty government.

Regarding revenue, I think that it is possible to re-establish a progressive taxation system—that has existed in this province—and to start making sure that the flat tax that currently people with high incomes enjoy gets addressed in some ways. So I believe that it is possible. I've said in my recommendations that one of the failures

of the Drummond report was that he was not allowed to look at revenues. I believe that he should have been allowed to look at revenues and that another report needs to be commissioned where we can look at possible revenues. I'm not enough of an expert on that.

Mr. Peter Shurman: That wasn't a failure of the Drummond report; that was a failure of the people who charged Mr. Drummond. He was quite willing to do it.

Ms. Anna Willats: I'm going to stay out of the partisan stuff, sir. I'm going to just say that it's really important for us to look at alternate sources of revenues. We have had a taxation system in this province and in this country that is progressive and that taxes corporations at higher rates.

We've been in a race to the bottom for corporate taxes, and I think that's the wrong way to go. I believe it was the NDP that made a good decision to target tax breaks and incentives to corporations to the creation of real jobs so that, when corporations ask for bailouts and ask for tax breaks, like Caterpillar did, like GM did, we see those things tied to real jobs created. For example, in Ontario there could be a requirement that any corporation that wants to do business with the Ontario government make a commitment to hire people that are being trained through the kinds of programs that I've been facilitating at the college for the last four years, and to have some kind of equity hiring. That doesn't bring in more money, but it does say to corporations, "We need to see you produce before we start giving you tax breaks and bailouts and then see you a few years later start to take those jobs out of Ontario." I think that's a real mistake—

Mr. Peter Shurman: Anna, the real truth—

Ms. Anna Willats: —and I think that—

Mr. Peter Shurman: I'm going to interrupt you only because there's five minutes for us to do Q and A. So if you want to keep speaking, that's fine, but I want to tell you something—

Ms. Anna Willats: I don't want to be lectured, sir.

Mr. Peter Shurman: I'm not lecturing you; I'm giving you a piece of information pertinent to what you said. There are offices in neighbouring states and neighbouring provincial jurisdictions whose target goal is to take companies out of Ontario and move them, and that's what they're doing.

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Ms. Anna Willats: And the race to the bottom, sir, benefits the corporations and hurts the people that I work with in colleges and that were just sitting here in front of you. That race to the bottom leads us right to the bottom, and so I think that we have to take a stand on that and say that we want corporate and wealthy individuals in this province who have a commitment to this province, not because they can get the best bottom line or take home the most of their money, but because they have a commitment to this province and a belief that Ontario is a wonderful place to live, as it has been and continues to be. But the race to the bottom is—where do we end?

Mr. Peter Shurman: Well, we share the view that this is a wonderful province and a great place to live. We think that we've been beset with some problems over the

past couple of years, some of them the making of the world, some of them the making of our own. Having said that, we have a progressive tax system, as I understand it. We have three rates and now, with the NDP's amendment for the \$500,000-plus earners, we have four levels of taxation. Do we need more?

The Chair (Mr. Bob Delaney): On that point, I'm going to have to step in—

Ms. Anna Willats: I believe that rate needs to come down to \$125,000—

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

Ms. Anna Willats: I believe those people can afford to pay more.

The Chair (Mr. Bob Delaney): Order. Thank you. I believe I'm going to have to step in there. Thank you very much.

FILMONTARIO

The Chair (Mr. Bob Delaney): Our next presentation is going to be FilmOntario, Sarah Ker-Hornell.

Ms. Sarah Ker-Hornell: Good morning.

The Chair (Mr. Bob Delaney): Good morning and welcome. If you've been here for a few minutes, you kind of know the ground rules. 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. Sarah Ker-Hornell: My name is Sarah Ker-Hornell. I'm the CEO and executive director of an industry consortium called FilmOntario. I know you have a package in front of you, but if you'll bear with me, I'd like to breeze through some of it.

First of all, I know that we've enjoyed tremendous support from across the House for our industry and I want to say thank you for that and thank you for this opportunity today.

FilmOntario is a non-partisan, membership-funded—we don't accept any government funding at any level of government—industry consortium for film, television and interactive video game companies and individuals within the province of Ontario. Established in 2003, we now directly handle about \$2.5 billion in direct economic activity annually in this province.

I don't really want to read every slide unless you would prefer that I do so. Is that comfortable? I'm not sure what the Hansard rules are.

If you go to slide 4, screen-based industries in Ontario are, just to be clear: for-profit businesses and corporations and businesses which engage in all activities directly involved in the development and production of creative products, screen-based content and services. So it's not an arts file; it's an economic development file. These companies develop, produce and market products whose value resides in their intellectual property rights, or IP rights. IP is something we in the content world use all the time, but most civilians are used to using it in the tech world. But do understand that content itself has

significant IP rights, and that's what we want to continue to build and harvest for Ontario.

Toronto, within Canada, is the centre of excellence for English content, housing the majority of the country's content producers, almost all of the country's broadcasters, and produces the vast majority of all Canadian content and the majority of domestic and service content combined.

Slide 5: From PwC's global outlook—so don't just believe me. They identify Canada's entertainment and media market to grow faster than the US from 2010 to 2014, and they identify us as number one among North America's top entertainment and media economies, ranking third in employment behind California—Los Angeles, specifically—and New York.

The Ontario Ministry of Tourism and Culture in 2010 did an analysis, and their data states that the creative industries in Ontario generate \$12.2 billion in GDP for Ontario's economy annually, and are number one in Canada by GDP.

This is always an interesting bullet to share with people: Creative industry GDP is now larger than Ontario's energy industry, is approaching 70% of the auto manufacturing sector and surpasses those of agriculture, forestry and mining sectors combined. Again, we're an economic file.

We also, in 2004, hired Ernst and Young to do an econometric analysis of our tax credits. At that time, it was shortly after Enron, so everyone was being very careful about their multipliers. We went with very conservative multipliers. But as you can see, a 2-to-1 on direct spend was the multiplier suggested at that time, and 2.6-to-1 on full-time employment. It's not insignificant in meeting Ontario's goals.

Our competitive jurisdictions: As already stated, Los Angeles and New York are our key competition in North America. We also compete with the UK, Australia and Europe. Toronto and Ontario carefully balance our expertise, competitive advantages—such as our tax credits—and film-friendliness with our mid-range price tag in order to maintain our domestic and international market share. We are very grateful for and welcome the finance minister's support for Ontario's screen-based tax credits. Indeed, that extends to everyone in the House because, as someone who tracks Hansard, I know that there's a tremendous amount of support across the floor for our industry and the way we conduct ourselves. This stability has been not only attracting volumes of business—and there's a chart further in this little love package that you'll see—but is also attracting significant private sector investment capital into the industry infrastructure, which is of course the point of the exercise for you.

We also thank the government for the position that we are not going to have our competitiveness eroded. Other provinces and jurisdictions, as MPP Shurman mentioned, do concentrate on trying to take as much work out of Ontario as possible. We are very vigilant about monitoring that, certainly, and we are very grateful to have a

government that shares that awareness in wanting to make sure that it's not eroded unnecessarily.

On page 11 is a chart which is the happy news story that I'm sharing with you today. The dark colour is the foreign service production and the light colour is the domestic volumes. You'll note that in 2011, we had our highest volumes in the history of Ontario. The last time our volumes approached that was in the year 2000, when the dollar was hovering around 60 cents.

You'll also note that in the year 2000, more of our work was service-oriented. Service work is fantastic because it brings a lot of high-end expertise, it pays top freight to use the equipment and the studios, and it's a big employer, but it is subject to world market forces. So when the dollar goes up, a lot of foreign sector work can disappear. In 2003, when FilmOntario was created, we anticipated external changes and wanted to work closely with our stakeholders and with all sectors of government on strengthening our bench strength for domestic—building our domestic companies, expanding our co-production opportunities internationally—so that should there be a sea change in the market, we would be able to hold steady.

In fact, this chart tells that tale. The domestic volumes are the highest they've ever been in Ontario's history. That has not eroded the stability of our infrastructure, which one would worry about if there was a different price point played there. It's very much a good-news story. Keeping our tax credits in the middle of the pack of what's out there both domestically and in the world, combined with our expertise here as a centre of excellence, is the key to this success story.

We have two items if you wanted to look at opportunities going ahead. We continue to work with the finance ministry to review the structure of the visual effects tax credit. We are unique to the world in the fact that our tax credit goes to the vendor as opposed to going to the producer. International markets don't conduct themselves that way, and from time to time that can be a competitive disadvantage. It's under way; it's something that we are continuing to be vigilant about. The second piece is, a few years ago FilmOntario, along with the finance ministry, developed an intellectual property tax credit model. It was floated as a pilot with a fund that was administered by the OMDC, and it was deemed both by our surveys of stakeholders and by the government surveys to be quite successful in building and retaining IP for domestic companies—so part of that plan of expanding our bench strength here in Ontario. It's worth considering—

The Chair (Mr. Bob Delaney): Just as a reminder, you've got about a minute left.

Ms. Sarah Ker-Hornell: I'm done. I'm ready for the Q and A.

The Chair (Mr. Bob Delaney): Perfect. Okay. Mr. Prue.

Mr. Michael Prue: I listened intently to what you had to say. It appears to me this is sort of a "steady as it goes" presentation.

Ms. Sarah Ker-Hornell: It's a good-news story for sure.

Mr. Michael Prue: Okay. So you're happy with the budget?

Ms. Sarah Ker-Hornell: Yes.

Mr. Michael Prue: You don't want any changes to the budget?

Ms. Sarah Ker-Hornell: Not with our aspects with the budget, no. We are content with the way our industry has been handled in this current budget.

Mr. Michael Prue: That's pretty simple, then. There's nothing you want from us. You just want us to make sure that everything that's promised is delivered.

Ms. Sarah Ker-Hornell: And that stability remains the order of the day. That's not the wrong thing to do.

Mr. Michael Prue: Then my colleague has a question.

Ms. Cindy Forster: Just because I'm kind of a novice at this particular industry, you mentioned something about the tax credit ratio with respect to job impact. Could you expand a little bit on that?

Ms. Sarah Ker-Hornell: Certainly. That was an economic analysis that we hired Ernst and Young to do for us as a third party. Based on the direct spend, they looked at what the direct economic impact was in the market. They felt that it was a 2-to-1. Interestingly, in 2004, LA was using a 10-to-1 multiplier and New York was using an 8-to-1 multiplier. Even some governments in this country were using a 5-to-1 multiplier, so I couched this when I spoke to it, indicating that we went with highly conservative multipliers to see what our story could tell. The story was still that it was revenue-positive, directly off of the T4 slips for the government.

Ms. Cindy Forster: Thank you.

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

This concludes our presentations for the morning. This committee is in recess until 1 o'clock this afternoon. We meet right back here in room 151. Thank you, one and all.

The committee recessed from 1003 to 1300.

OFFICE OF THE OMBUDSMAN OF ONTARIO

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

Pursuant to our subcommittee report, the committee has invited André Marin, the Ombudsman of Ontario, to speak with us on Bill 55. With him this afternoon is Barbara Finlay, the Deputy Ombudsman.

Mr. Marin, you are going to have up to 15 minutes for your presentation, and following that, each caucus will have up to five minutes to ask you questions.

Go through the motions of stating your names for Hansard and then continue.

Mr. André Marin: Thank you very much, Mr. Chair. My name is André Marin. I want to thank the committee,

as well, for the opportunity and honour to appear before you to discuss Bill 55.

Bill 55 boils down to being a budget bill proposed by the government which establishes broad public policy. We view this as a bill which, in our democratic process, belongs, really, in the realm of elected representatives—parliamentarians—to decide on these issues.

As the Ombudsman of Ontario, I'm prepared to accept the will of Parliament. Our office takes no position on the substantive, broad public policy issues raised in the bill.

However, the role of the Ombudsman in investigating complaints against the provincial government is one of contributing to the machinery of government. I often use the analogy that we're the oil in the machinery to make it do what it's intended to do. So we often investigate issues of execution, not of broad public policy. A typical example would be one of the LHINs, the local health integrated networks. Some believe, in Parliament, that they should be abolished; others believe they should be improved, enlarged or diminished. That's an issue of broad public policy that our office does not take a position on. However, once you've passed the LHINs and agreed that you need to consult locally, our job is to make sure that the execution follows its intended purposes.

What is absent in this bill and gives us deep concern is that if it's adopted in the current form, the Ombudsman will lose jurisdiction over many bodies that it currently oversees. This is not a personal issue to me or to the office. We know that the erosion of oversight exposes the public to risks of abuse and neglect. The further an organization which provides services to the public is from the provincial government, in our experience, the higher the risks that that organization will run astray.

Since I've been Ombudsman, since 2005, we've conducted investigations, for example, dealing with private career colleges. Our report is called *Too Cool for School*. It details how private career colleges were running the show, thumbing their nose at regulation. The Ministry of Education was allowing them to issue phony certificates; exist illegally without regulation. Private career colleges are a problem in Ontario because they had forgotten the public interest that they are there to serve.

The Municipal Property Assessment Corp., another candidate for further separation from government: We conducted an investigation into this organization back in 2006 and found that the property values were assessed arbitrarily, often erroneously. There was a lack of transparency in dealing with the public. The public didn't know how their properties were being properly assessed. There was an organization, part of the government, which was ignoring binding rulings by the courts—again, an organization which had lost its drive to ensure that the public interest is served; again, another candidate that gives us a lot of concern, another candidate further from the provincial government.

Of course, the Ontario Lottery Corp.—that resulted in our report *A Game of Trust*. We found rampant fraud, where the CEO of the organization said—and this is in our report—that sometimes you just need to hold your

nose and sign the cheque even though you know that the person has defrauded the system. Again, another organization which would give me a great deal of concern if it was further brought outside the realm of the provincial government.

In all these cases, I can tell you that when we report it publicly, there is a fair bit of hostility from these organizations. But I can tell you, all the organizations I've named today wrote to us in subsequent years thanking us for delivering a bit of a shock to the system.

History has taught us that these organizations can be fraught with problems because their independence tells them that they're really not governmental and they can act as if they're not governmental. Tarion's a good example. Tarion has always been outside the jurisdiction of our office. We have very frustrated homeowners who call our office, they challenge, they want us to oversee something we know we don't oversee. Over the last five years, we've had over 223 complaints regarding Tarion. Citizens are not happy with the level and degree of oversight of this body.

That is the first point: The further from government these public service entities are, the more likely they are to ignore the public interest. Therefore, you need to have an officer of Parliament such as myself retain that ability.

The second point I want to make is that as the Ombudsman, I'm an officer of Parliament and I work for you; you're my bosses. If the mandate of the office is cut in these areas where we are very active, you, as members of provincial Parliament, will lose your eyes and ears into very important areas of provincial public policy. Your mission is to serve your constituents, and if the bill passes in the current form you will lose that ability to serve your constituents because you will lose the eyes and ears of the Ombudsman's office, which will weaken your role and weaken the role of Parliament.

We know that in Ontario, because of various scandals such as eHealth, Ornge etc., accountability has become the buzzword. Everyone talks about accountability, and I think properly so. This is an area where there would be less accountability to you through my office if this proceeds without an amendment.

The third point I want to make to you is that I want to invite the committee to look at this issue that I've presented to you today more as an issue that transcends politics. I'm aware that the very substance of this bill has led to very passionate arguments by all parties on whether to privatize or not.

If you are members of the opposition on this committee and you look at it realistically and come to the conclusion that passage of Bill 55 is inevitable, though in your heart of hearts you may be tormented by what this bill stands for, I would invite you not to pass on this important opportunity to fix what is in your power to fix and to make sure that proper oversight is provided in this bill, because it does not, as it stands, do that. If you are government members on this committee, likewise, ask yourselves why you ultimately jumped into politics. You did it to do good and to provide for good governance.

The Ombudsman's office is not asking for anything we don't already have. We're asking to preserve oversight in very important areas of public service. I would invite you to take a principled approach and to strengthen your participation in the process by preserving your ability to get the goods on these public bodies.

The solution we propose—we laid it out in the submission that we filed with the committee last week. I have one further document to provide to the committee and it is the proposed amendment to Bill 55. We're not legislative drafters, but my experience is that I'm often asked when I participate before these committees, "What exactly would you be proposing?" So we have here distributed the proposed amendment to Bill 55, which I will read and it can be distributed to you.

That the act incorporate a broad statement confirming the applicability of the Ombudsman Act, and precisely this:

"If, under any of the schedules to this act, authority is delegated to any person or entity through regulation, agreement or otherwise to provide government services or administer any provision of an act or regulation, that person or entity shall be deemed to be a 'governmental organization' under section 1 of the Ombudsman Act and subject to the provisions of this act."

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It's very clear. It's very simple. It doesn't disturb what the bill is trying to accomplish. It does not participate in the heated debates over the basic tenets of the act, but rather upholds a very important principle in Ontario, that is, the oversight of the Ombudsman over public services.

Thank you for your attention.

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

Mr. Peter Shurman: Thank you very much, Mr. Marin, for coming before us. I appreciate the scope of what you want to see happen through that amendment, but I'd like to get you on the record being a little bit more specific about what it is you're looking for.

It seems to me, if I read between the lines—because you kind of alluded rather than said—that it is the opportunity to delegate some things by the government under Bill 55 that could weaken your ability to provide oversight. Is that correct?

Mr. André Marin: Yes. I would say that will weaken oversight, yes. Definitely.

Mr. Peter Shurman: So it's not something specific that we see in the bill, but rather that which is embodied in schedule 28, if I can be very specific.

Mr. André Marin: That's correct.

Mr. Peter Shurman: You want the amendment simply to say, "Render unto Caesar what is Caesar's"—pardon me for that analogy, but you want to keep what you've got?

Mr. André Marin: That's precisely it.

Mr. Peter Shurman: Now, let's talk a little bit more broadly. What about the MUSH sector, which is in such contention at any given time, where the Ombudsman is concerned? There is so much in a budget that pertains to

municipal, universities and so forth that you don't get to touch. How do you feel about that?

Mr. André Marin: Well, next week, we're releasing the annual report. We'll have fresh figures for you on the number of complaints we get from the MUSH sector. It's an area that is, in my view, lacking in oversight, no doubt about it. For 37 years, the Ombudsman's office has been making the same case, and for thousands of complainants every year that turn to our office, we must explain to them that we have no oversight of the sector. It's problematic. It's a separate issue than this one, but it's certainly problematic, and I think time is due to address that.

If you look at hospitals, for example, they receive \$15 billion in funds from the provincial government. That's huge. It equals our defence budget for all of Canada. There is no oversight in our hospitals. We're the only ones in all of Canada that cannot help complainants deal with hospital issues. Hospitals have resorted to patient advocates, patient ombudsmen, these kinds of offices, which are pretty well useless when someone has a really serious issue at a hospital.

We're still paying for all these offices through public funds, but they report right into the hospital bureaucracy. Where do you go if you have a problem with a hospital, the hospital CEO, the hospital board, the patient advocate? You really have no valuable place to go.

Mr. Peter Shurman: Well, nowhere that's impartial, anyway, because if you go as high as the ministry, you still have something that you're protecting, or at least can be perceived to be protecting.

The reason I opened that question is it's typically out of order to present amendments on something that isn't in the bill. However, it's arguably true that elements of the MUSH sector are all over this bill and one could technically present amendments. So let me ask you this: If you took a look at the four letters that MUSH is composed of, would it be the hospital sector that gets you the most complaints, or which one would it be?

Mr. André Marin: The numbers are in our annual report. I don't have them fresh under my eye, but certainly, in my opinion, the area that needs the most oversight in those letters would be hospitals, yes.

Mr. Peter Shurman: Thank you, Mr. Marin. I appreciate your time.

Mr. André Marin: Thank you.

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

Mr. John Vanthof: Thank you for coming this afternoon. I'd just like to explore a little bit: You mentioned something about accountability. Mr. Shurman mentioned schedule 28. If schedule 28 stays as it's drafted, could we conceivably have—I don't want to put words in your mouth—more problems, like we've had at Ornge, like we've had at eHealth?

Mr. André Marin: Absolutely, absolutely.

The problem with the act is it's a vehicle that enables government to then convert government bodies into bodies where there's no oversight. That's the problem. What I am seeking to do is attach to this vehicle the proviso that if the government does that, there will be Ombudsman oversight. Otherwise, I'll be just like the

rest of you one day, opening a newspaper and seeing that the Municipal Property Assessment Corp. has now been turned into a private entity and jurisdiction is lost, so my time to speak is now. It's not a hypothetical issue; it's one that's very immediate and very real. I would hate to see thousands of Ontarians who brought issues to our attention over the years be left without a device to complain. When we announced our investigation of MPAC, we had 75 complaints. Within three weeks we had 4,000—a lot of property owners in Ontario. They're more accepting of the system now that reforms are in place, but at the time it was a very hot topic. Do you want to leave such an organization with such an important role and impact with citizens having no independent oversight? That concerns me.

Mr. John Vanthof: Once again—I don't want to be repetitive, but I really want it on the record—the way this bill is drafted now, your office isn't asking for more power, your office is asking for the same level of oversight as it currently has?

Mr. André Marin: Absolutely. We're asking for the status quo. This bill erodes the current reach of the Ombudsman's office, and that's the concern.

Yes, I intend to make submissions on Bill 50 in due course, but the situation with Ornge is the same. Right now, the bill presently before Parliament does not spell out that we have any authority over the new entity of Ornge once the bill is passed. The whole bill is about oversight. If you're leaving out the Ombudsman, you're leaving out a huge chunk of the oversight. Like I said, it's not the office, it's not me. I work for you. If you're happy not to have oversight into the new Ornge, if you're happy to let the bill progress and relieve your eyes and ears into issues, that would be of concern. But I don't think that that's what you want.

Mr. John Vanthof: Thank you.

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

Mr. Yasir Naqvi: Thank you, Mr. Marin, for coming today and making the presentation. I think you were fairly clear in your articulation as to what you would like us to consider when we are looking at Bill 55 before it is reported back to the Legislature. Really, I think my colleagues have asked the questions, and I just want to thank you for coming today and succinctly presenting your position. We look forward to continuing to work with you. I look forward to seeing you back in Ottawa as well. Thank you.

Mr. André Marin: Yes, Yasir.

The Chair (Mr. Bob Delaney): That concludes this presentation. Thank you very much, Mr. Marin.

Mr. André Marin: Thank you.

MS. MARGARET SMITH

The Chair (Mr. Bob Delaney): Is our next presenter, Margaret Smith, in the room? Okay, good. I am advised that the presentation listed as occurring at 1:30 has been cancelled. Ms. Smith, take your time, make yourself comfortable; sit anywhere you wish.

Interjection.

The Chair (Mr. Bob Delaney): This one goes to Yasir, and you get the one scheduled for 2.

Okay, we'll get back to our normal rotation. You'll have up to 10 minutes to make your presentation followed by up to five minutes of questioning. This round of questioning will be from the government side. Begin by stating your name for Hansard and then proceed.

Ms. Margaret Smith: Thank you. My name is Margaret Smith. I'd like to begin by thanking you for this opportunity to speak today. I believe that the public hearings that you've scheduled, especially on budgets, are an important part of the democratic process.

I wish to speak to you today about the need for the budget to enhance our democracy by aiming for greater equality in our society. This budget should be moving Ontario towards less economic inequality, not exacerbating the gap with more spending cuts.

We know that the disparity between rich and poor has never been greater in Ontario. Research shows that income inequality hurts everyone, not just the poor, and greater equality benefits everyone. Just as one example, in countries that have a more equal distribution of wealth, people tend to live longer, think they are healthier, are less likely to experience mental illness and are less likely to be obese; in other words, everyone's health is better.

1320

To quote Wilkinson and Pickett from *The Spirit Level*, "Greater equality is the gateway to a society capable of improving the quality of life for all of us and an essential step in the development of a sustainable economic system," yet our government states that its main goal is to impose cuts due to growing deficits.

These deficits, however, were not caused by the government spending too much on welfare or disability payments, but were caused by the economic downturn. How will these cuts help correct this downturn? Short answer: They won't. I believe these cuts will only exacerbate the income gap and not result in any economic growth. The inequality gap will just become larger and social tensions will increase.

There is no question that we live in difficult and challenging times. However, I am still of the view that government should do all it can to build for the future while providing for the present. Forgive me if I betray my age, but I remember when Ontario governments were building the infrastructure that we now benefit from.

As one example, education reforms heralded a better tomorrow for everyone, creating broader post-secondary opportunities like the community college system. This government should aspire to the same role. There should be optimism about our collective possibilities. The benefits of various levels of government services include, but are not limited to, our education, health care, pensions, police, fire protection, roads, highways, libraries, museums, parks, water safety, sewage systems, food inspection, and the list goes on. These benefits help to build a civilized society.

So how can we make our society more equal and have the money to support these programs? One of the ways is through fair taxation. Taxes paid to government enable

Ontarians and Canadians to live better lives and make our society more equal. My grandparents feared childhood diseases that could take away their young children—diseases that are now unknown to my grandchildren thanks to government health programs. Taxes are a privilege in a civilized and caring society. We need a fair taxation policy, taxing those best able to pay, including inheritance and corporations. It turns out that the entire infrastructure built during the 1950s and 1960s was paid for by a more fair and progressive tax system than we have today. Individuals and corporations prospered and grew, all the while paying more of their fair share of taxes, unlike today. The government should have the courage to argue for a better, more equal society where we can all benefit through a democratic tax system.

There is a growing public appetite for a more equal society. Recently, the media has reported many stories with this theme. In a Forum Research national poll, a strong majority, more than 75% of Canadians, believe the country suffers from an income gap. In Ontario, 78% of respondents were worried about this issue.

Another Forum Research poll in May determined that 78% of Ontarians surveyed favoured the NDP proposal to raise taxes on higher income earners.

A recent survey conducted by Environics Research for the Broadbent Institute revealed that a majority of Canadians were willing to pay higher taxes to protect social programs like health care, pensions and access to post-secondary education, to help fight income inequality. This support was found across gender, ages, education levels, family income and employment levels. The same poll found that the majority of respondents, 71%, believe that the growing inequality gap undermines Canadian values. There was also support for increasing corporate tax rates.

However, this government will not even raise the issue of tax reform. The NDP tax proposal was accepted only to avoid an election. Instead, the government's plan to increase its revenues comprises only increased gambling and liquor proceeds. Unlike manufacturing, OLG expansion will not create something new, but rather just redistribute existing revenue by taking it from those who can least afford it. This action is simply cynical and hopeless and unworthy of our government.

I plead with this government to rise to this democratic challenge. Listen to the citizens calling for greater equality, calling for fair taxation to build a strong Ontario. This is not Wisconsin; this is Ontario, and it is time for strong action. First, repeal the Taxpayer Protection Act, referred to in schedule 67, and undertake to introduce, instead, a fair taxation system.

Further, revise those schedules that increase inequality, like schedule 66, changing it to increase the Ontario child benefit. Any changes to MPP and executive compensation schemes should use the test of greater economic equality to demonstrate leadership.

The government should advocate a shared vision that can inspire us to create a better and more equal society. Our opportunity is now.

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

Mr. Yasir Naqvi: Thank you, Ms. Smith, for coming and presenting today. We have had the opportunity to hear from quite a few of your colleagues, as well, over the last few days that we've been hearing from deputants. What you've suggested is pretty much in line with what they have presented.

Let me ask you a couple of questions on the theme of creating a more equal society, which I don't think anybody will argue with you against. I think that's exactly what we are engaged in. What we are doing our best to do is to create an equal society.

One of the measures that the government introduced, which was part of our election platform, was to bring a reduction in post-secondary education fees by 30% and very much focus on those students who come from family backgrounds of low- to mid-income families. Do you think those types of steps help eliminate inequalities in our society?

Ms. Margaret Smith: I think that there is an improvement, but they don't go anywhere near removing the tremendous barrier to post-secondary education that the tuition fees in Ontario present.

It is ridiculous that, for the last 20 years, we've accepted this notion that we have to benchmark against private sector universities in the United States and pay people all this money. Meanwhile what we're doing is, we're making it harder and harder for our students to think about going to university because of the debt that they incur through tuition not only for their undergraduate, but if they undertake postgraduate work. For example, let's take my daughter who was thousands of dollars in debt after completing law school.

This is a huge burden for people to face, so it still is the case in Ontario that the greatest indicator of whether or not a child will go to university is whether or not his parents or her parents have gone to university or any post-secondary education. That means that social mobility is impaired because of the lack of accessibility to post-secondary—

Mr. Yasir Naqvi: However, our data demonstrates that our tuition fees are still far less than the US, as the reference point that you used. Secondly, the number of students who go into universities and colleges continues to go up in Ontario, which is a very positive sign. But I'm happy to hear that a targeted approach like that is a step in the right direction as opposed to giving a blanket tuition reduction to those who may come from a high-income family as well.

There's another suggestion that is made by the NDP—and I'd like to hear your views on that—saying, "Let's take the HST off home heating for everyone." Do you agree with that proposal? Do you think that will result in creating a more equal society?

Ms. Margaret Smith: I think you'd have to ask an economist with far greater information than I have to comment on that. I do know—

Mr. Yasir Naqvi: But do you think it's fair in a society like ours, to have somebody who lives in a 3,000-

to 4,000-square-foot home who uses a lot of home heating, to give them the same tax break as somebody who might live in a one-bedroom apartment?

Ms. Margaret Smith: I think it's far worse that, in Toronto, there's such a lack of affordable housing for the majority of people who live in this city and that their homelessness is such a huge problem. I think you're talking about something on the edges of a bigger problem, which is the right to housing that we all should have in this society, and I think it's a huge problem that the government should address.

Mr. Yasir Naqvi: A \$3-billion revenue shortfall is—I won't call it an edge, especially when you're saying we should pay more taxes. Don't you agree?

Ms. Margaret Smith: A \$3-billion deficit you're facing?

Mr. Yasir Naqvi: No, the \$3 billion that comes from the HST from home heating. That's not talking edges. That's \$3 billion that can be used for a lot of affordable housing that you're talking about. Don't you agree?

Ms. Margaret Smith: Oh, I'm sure you could use the money to all kinds of good ends.

Mr. Yasir Naqvi: Another point I want to raise because on your first page here on—

The Chair (Mr. Bob Delaney): You'll have to make it pretty succinct.

Mr. Yasir Naqvi: Very succinct—you give the illusion that there's a lack of building infrastructure, whereas we've seen over the last eight years—in fact, my PC friends will argue we're spending too much money when it comes to building 18 new hospitals and 400 new schools. Would you give me some acknowledgement that we have made significant investments in the last eight years in building our education, health care and community and social services infrastructure in the province?

1330

Ms. Margaret Smith: Oh, there have been improvements, but I believe that as a result of the current situation with the government, some of these projects have been cut back. Is that not correct?

Isn't it crazy that our economy is so much bigger now than when I was a child, and yet our taxation rate is less—the middle class, of course, is paying its fair share, but the people who can most afford it and corporations, and inheritance tax isn't paid anymore. So the infrastructure we could build is—

The Chair (Mr. Bob Delaney): On that note, I will have to thank you very much for your time and for coming in to offer your views today. Thank you very much.

Ms. Margaret Smith: Thank you very much for the opportunity, and thank you for your questions.

ONTARIO NONPROFIT NETWORK

The Chair (Mr. Bob Delaney): Our next presenter is the Ontario Nonprofit Network. Please come forward. Good afternoon and welcome this afternoon.

Ms. Jini Stolk: Thank you. I'm glad we got here a little bit early.

The Chair (Mr. Bob Delaney): Yes, we're glad that you did as well. You'll have 10 minutes to offer your thoughts and views this afternoon, followed by up to five minutes of questioning. The question rotation this time will come from Mr. Fedeli of the opposition.

Please state your names for Hansard, and proceed.

Ms. Jini Stolk: I am delighted to introduce myself and my colleague. I am Jini Stolk. I am the co-chair of the Ontario Nonprofit Network and executive director of Creative Trust, an organization that exists to strengthen the financial capacity and organizational potential of Toronto's performing arts companies, but I'm here in my role as co-chair of the Ontario Nonprofit Network. And by my side is—

Ms. Lynn Eakin: —Lynn Eakin, and I'm the policy adviser at the Ontario Nonprofit Network.

Ms. Jini Stolk: On behalf of the 6,000-plus members of the Ontario Nonprofit Network, we're really pleased to be here today. We're going to provide the committee with a very brief presentation on the non-profit sector, but we're also here to articulate some specific comments and recommendations on the 2012 Ontario budget. We're going to conclude with the importance, in our mind, of continuing to build the sector-government partnership for the benefit of all Ontarians.

We know that the members of this committee are very well aware of the very important contributions of the not-for-profit sector to the socio-economic well-being of the province. In fact, we have done some research, and I am personally really impressed and actually quite—it's very heartwarming to see the amount of past experience and volunteer work that members of the committee have done and are currently doing in their communities in the non-profit sector. It's wonderful to see.

We also were recently very delighted to have the Premier of this province reiterate the immense social and economic value of the sector to the province at a speech to the Open for Business round table with the non-profit sector and government, and he talked very, very strongly about the overall importance of this sector to our collective future—and, Teresa, it's lovely to see you again.

However, I think it's important—it never hurts to remind ourselves of a few of the facts and figures and the picture of the size, scope and impact of this sector. It really is astonishing. It employs nearly 650,000 people in communities across the province. It generates over \$50 billion of the province's GDP. It has multibillion dollars in revenue; two thirds of that comes from earned income or donations and only the remaining third from governments—all governments. So the not-for-profit sector, we believe, is a tremendous engine of economic growth and, again, for every dollar invested by governments in the sector, it raises two.

I'm going to now veer from my intended comments to say that, given that context, we were actually very disappointed and surprised to see today, or a couple of days ago, in the Star that the jobs and prosperity panel which was just set up is very, very light on perspective and personnel from the not-for-profit sector; in fact,

there's nobody there. I think that, as I will continue to say in my comments, the perspective of people who are working on the ground with those Ontarians who are unemployed or who have difficulties and need the community involvement, the community assistance that they get from not-for-profits, really do deserve a voice on that panel, and I think it would strengthen the panel and its perspective.

The sector's role in building and sustaining Ontario's social well-being is legendary and, from my comments just previously, really cost-effective. The sector works locally to deliver programs and services that both communities and government consider to be essential. I think we really are true partners in developing the health and well-being of our society. In providing services such as employment supports for people with disabilities; settlement services for newcomers; and sport, recreation and arts activities, we really do help knit the social fabric of Ontario. Again, in partnership with government, and often in partnership with the for-profit sector, we bring about the solutions to the urgent social and economic challenges in our communities that we are all looking for.

The Ontario Nonprofit Network has been working intensively over the past four years to bring the sector's attention and voices to public policy issues and challenges. The network made a strong and principle-based presentation to the Commission on the Reform of Ontario's Public Services, the Drummond commission. Our focus—and we were very pleased to see it reflected in the report—was the need for a transformation of the sector-government funding relationship. We strongly supported systematic changes to improve the administration of taxpayers' investments in the sector and thereby increase the public benefit received by Ontarians: cutting through some of the red tape in order to more efficiently and effectively deliver the services that we all want to see in our communities.

We participated in the pre-budget consultations and offered concrete ideas for developing new ways of expanding social finance and innovation in Ontario, because many of the non-profits we deal with are very, very much involved in social finance and innovative solutions, as well as strengthening the capacity of the sector to undertake pilot projects in these areas.

During this same time, we were privileged to work with the Open for Business secretariat at the Ministry of Economic Development and Innovation, where we collaborated as part of this process. I think we saw it as a historic recognition by the province of the sector's important economic—not just social—value to the growth and health of the province. Again, it was very reaffirming to hear the Premier indicate the same in his speech last week.

As a result of the Open for Business work and with the tabling of the 2012 budget, Strong Action for Ontario, the ONN is already under way in negotiating some reforms that I will briefly outline:

—transforming the funding relationship, as I said before, to make it more efficient and more effective, to

eliminate some of the unnecessary red tape and get the money out into the communities where it's most important;

—to offer vendor-of-record savings to a large number of non-profit organizations, which will save them operating costs for supplies, so, again, more resources can be invested directly in programs and services;

—facilitating expanded access to infrastructure loans to a broader number of not-for-profit organizations that are well placed to deliver public benefits in things like non-profit housing and the creation of arts and cultural centres; and

—working to ensure, wherever possible, that not-for-profits have the opportunity to purchase surplus government lands in the public domain while ensuring market value to the government.

1340

These proposals, which have now really become agreements in principle that we're working to put flesh on, are realistic and they're directed to results-based, cost-efficient delivery of public benefit services. We might add that these fit very nicely under the budget's "Better Outcomes With New Partnerships" section.

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

Ms. Jini Stolk: A minute? Thank you.

We will offer to help facilitate the lead ministries in shaping the unclaimed intangible property program in Strong Action for Ontario.

I would like to briefly say that we strongly suggest that designated administrative authorities, which are again outlined in Bill 55, specifically in 16 and 28, must be to the extent possible delivering public profit, not just private profit. We maintain that privatization of these public benefit services often creates an unfortunate race to the bottom, negatively impacting costs and results for the government and for citizens.

We are the proven third way, as other—

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

Ms. Jini Stolk: Thank you.

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

Mr. Victor Fedeli: Thank you very much, Chair. Ms. Stolk, Ms. Eakin, thank you very kindly for being here today and for the detailed presentation.

You're going to find very little disagreement from me. As someone who has run a non-profit for several years in the city of North Bay, I can certainly tell you that I agree with virtually all of your commentary through here, especially—I'm going to take a minute and I'll preface a question somewhere in there—unclaimed properties. That's a particularly productive idea that I'm going to just explore for a second with you.

While serving as mayor of the city of North Bay—when you drive down the street, you see house, house, house, vacant lot, house, house, and you wonder, "I wonder why that's empty." I did an analysis of that and found that we had 108 empty lots in the city of North Bay, a city of 54,000. You'd wonder why. You know, the

barn fell over and the city got it for taxes, or it burned and whatnot, but we were able to turn those 108 properties into housing. In one section particularly, we did—they must be at entry-level housing, we call it, which was a really successful idea. I would encourage you, if you ever want to chat about that at length, I'd be more than happy to talk for hours and hours about that particular topic.

My question will be about your comment about the pre-budget consultations. Where were those pre-budget consultations held? Number three, as part of your pre-budget consultations.

Ms. Jini Stolk: My colleague was there and I was not in town.

Ms. Lynn Eakin: A delegation from the Ontario Nonprofit Network met with Yasir Naqvi—

Mr. John O'Toole: Listen.

The Chair (Mr. Bob Delaney): Order. We're not like that here.

Ms. Lynn Eakin:—prior to the budget to talk about some of the interests that the sector had in the budget.

Mr. Victor Fedeli: So you had pre-budget consultation.

Ms. Lynn Eakin: We did, yes.

Ms. Jini Stolk: Yes.

Mr. Victor Fedeli: Okay, and just to touch briefly—I've chewed up almost all your time, with my apologies, but I assure you it'll be worth your while when you come and chat with me about that chapter. On 16 and 28, can you expand on your objection to those two? And I thank you.

Ms. Lynn Eakin: Yes. It's our position that public benefit services are best delivered through the public domain and that they should be retained in the public. That's what we are talking about: that profit, if there is any through the delivery of these services, ought to remain for the benefit of the public. If that's done through the non-profit sector, then any benefit that is accrued in the delivery of those services is reinvested in communities across the province. We think that that's a much more effective model than the privatization for private profit of services that are public benefit.

Mr. Victor Fedeli: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and for having shared your thoughts and opinions with us.

This committee stands in recess until 2:55.

Oh, I'm sorry. I did say 2:55. I meant 1:55.

The committee recessed from 1345 to 1355.

WOODBINE ENTERTAINMENT GROUP

The Chair (Mr. Bob Delaney): Let's return to order. Our next presentation is going to be from the Woodbine Entertainment Group. Please come forward. Make yourself comfortable. Thanks for coming early. This is one of the things that perhaps you can take back with you and say, "Hey, they run ahead of schedule in government."

Ms. Jane Holmes: It's not true what they say.

The Chair (Mr. Bob Delaney): It absolutely isn't true. Things around here start on time or before, and they end on time or before.

Ms. Jane Holmes: Excellent.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks to us today, followed by up to five minutes of questioning. The questioning will come this time from the New Democrats. Please begin by stating your name for Hansard, and then proceed.

Ms. Jane Holmes: Okay. Mr. Chairman, committee members, my name is Jane Holmes. I am vice-president, corporate affairs, and corporate social responsibility officer for Woodbine Entertainment Group.

Thank you for the opportunity to address this committee about the cancellation of the slots-at-racetracks program. This has been a program that has been successful beyond what either the government or the industry had projected when it was first introduced. Slots-at-racetracks has allowed an industry, which was struggling in the face of a significantly expanded gaming-operated and regulated market, to become one of the leading international horse racing jurisdictions.

The horse racing and breeding industry has grown from over 25,000 jobs to over 34,816 direct jobs in the last decade. Its expenditures have increased by 67%, from \$1 billion to \$2.1 billion. Why? In large part, because of the slots-at-racetracks program.

Today I am here on behalf of Woodbine Entertainment Group, otherwise known as WEG. WEG is the largest operator of horse racing in Canada and is recognized as one of the most innovative in North America. I have for the committee, in the packages that have been distributed, letters from international racing associations which were sent to the Premier when they learned of the end of the slots-at-racetracks program and the devastating impact it would have on WEG. These letters confirm WEG's international reputation and stature.

Tom Charters, the president and CEO of the Hambletonian Society, states, "This October [when WEG hosts the Breeders Crown] Woodbine will be the focus of the international harness world. It is a pre-eminence WEG richly deserves and has fostered because of the OLG program. [WEG] has been a leader in both the standardbred as well as the thoroughbred industry internationally."

It is with great disappointment that I sit before you here today. The Ontario slots-at-racetracks program has been the envy of other jurisdictions and has been used as the model for a successful racing and breeding industry across North America. The government needlessly announced the cancellation of this program under the guise of it being a subsidy.

A subsidy does not usually require its recipients to invest hundreds of millions of dollars to earn the government a return of \$1.1 billion annually. As you are aware, the Drummond report only recommended a review of the program on a value-for-money basis in light of the province's deficit situation. A review has still not

been undertaken, yet the program has been cancelled and a mandate to transition the racing and breeding industry to self-sustainability has been assigned to a government panel.

While our industry finds the subsidy reference offensive, I would like to share a quote from U of T economics and public policy professor David Wolfe, and this was in reference to subsidies to the automotive industry: "Investment in economic development that is going to generate jobs and tax revenue can't be looked at in the same way as paying for another MRI or another hip replacement." Yet this is exactly what the government has done.

Why cancel a successful partnership without a thorough understanding of its implications? In this case, an industry is being jeopardized which generates 60,000 jobs in this province, provides \$261 million in direct taxes, contributes \$4.5 billion to the GDP and hosts facilities which generated over \$1.1 billion in gaming revenue to the province just last year. The stated rationale for cancelling the program is a theoretical savings of \$345 million. Obviously, the total costs associated with cancelling the slots-at-racetracks program would dwarf these perceived savings.

For a jurisdiction which is struggling with a large deficit, has had its credit rating downgraded and has an unemployment rate of 7.8% as of May, how do you fill that gap that will be created by the 60,000 proud, productive, wage-earning Ontarians, many of whom will struggle themselves, deplete their life-long savings, if in fact they have any, and are likely to need social assistance? How can the OLG modernization plan assume the generation of 2,300 net new jobs in the face of the loss of 60,000 jobs? How will the projected one-time injection of \$3 billion in infrastructure make up for the \$2 billion in annual expenditures by this industry?

1400

WEG alone employs 2,300 individuals and has an annual payroll of almost \$89 million. Another 2,500 people work in its backstretches to care for and train the racehorses. WEG provides subsidized housing for almost 400 of those people in the backstretches. Our annual payments to suppliers and vendors exceeded \$80 million annually. In 2011, WEG's contribution to charitable causes was more than \$1 million.

WEG has been a strong community partner. The board of directors felt WEG was in a financial position, after the implementation of the slots program, to help others in need. Their decision could have been to just pay down the debt or invest in the horse racing business, but that was not consistent with our values or our rural roots.

I also have in your package letters from WEG's community partner organizations. They wrote these letters when they were advised that this may be the last year that they can count on WEG for financial or in-kind support.

Woodbine Entertainment Group has been a proud partner of this province. Our racetrack slot facilities at Woodbine and Mohawk are two of the three most successful gaming sites in the province. Collectively,

these sites generate \$750 million in gross slot revenues. Their net contribution far exceeds that of the resort casinos or the charity casinos combined. WEG is also the largest lottery retailer in Ontario, with sales of over \$6 million. WEG is the engine that drives horse racing in this province, representing 75% of the parimutuel wagering. WEG is a not-for-profit corporation that reinvests all of its revenues after debt repayment back into its businesses, which re-circulates into the economy.

WEG and the OLG signed a site holder's agreement in 1998 for Mohawk and Woodbine Racetracks for a term of 15 years. The site holder's agreement is a commercial contract which stipulates the terms and conditions of the business relationship. This includes the 20% revenue share to WEG and its respective horsepeople. To be clear, this 20% is not a subsidy funded by tax dollars. It is simply a share of the discretionary consumer spending on the slot machines. Since that time, WEG has invested over \$175 million into its facilities just to accommodate the slot operations. That's the private part of the public-private partnership.

The OLG did not have to make any investment in land, new buildings, infrastructure or parking facilities and had access to a pre-established gambling audience at Woodbine and Mohawk to help drive the slot business. WEG, like other racetrack operators, is disproportionately picking up slot-related costs. Since WEG is responsible for the lion's share of the common area costs resulting from having 24-7, 365-day-a-year slot operation at our facilities, our 10% share is really a net of 8.5%. Why?

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

Ms. Jane Holmes: Okay.

The common area costs are shared based on square footage and not visitor usage.

We signed an extension to that agreement in 2010, which required us to secure \$32 million in financing to pay for our share of the capital costs for a new expansion that went in. We were shocked with the cancellation and at this time we will lose 50% of our revenue at Woodbine because of this cancellation. Long-term business plans and financial plans have been developed and WEG is now in a breach of agreements with its business partners, yet that work is still in progress and not expected to be completed in December. Woodbine will never see a return on that investment, nor will it get a return on the funds that it has invested, based on correspondence we've had from the OLG. How can the government look at making a change when a business has put together plans to move forward in the future and in less than a year have those plans completely destroyed?

I am making recommendations today to this committee that—you have announced a transition committee. That transition committee's mandate should be expanded to identify what the impact of the slots-at-racetracks program cancellation will have on this economy in Ontario.

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

Mr. John Vanthof: Thank you very much for coming. I think I'm going to take you along the path of where you were going because I think, since this whole odyssey started, when the government tried to explain this as a subsidy versus—which I believe it is. I think you would agree it's an investment or a partnership. In your opinion, the 60,000 people who are now employed, both full-time and part-time, in the industry—where are they going to go, the ones whose jobs will be terminated because the industry is not going to continue as it was? In your opinion, has the government put any thought into the actual—and this is a budget discussion we're having, so we're not talking about the human costs here, but we're talking about the direct monetary costs.

Ms. Jane Holmes: I'll answer your first question first. I think that the large operators in the breeding and horse racing business will leave this jurisdiction and go to other jurisdictions that still have a viable horse racing industry, if there is not a change made to the program and a stop to the cancellation.

Many of the people who work in the backstretches and on the farms will never find jobs. In Quebec, you'll find that they had a similar devastation of their industry several years ago, and many of those people, three years later, still don't have jobs.

I think you're going to see a huge gap in the economy, not only from the horse racing sector but from the ancillary jobs that are created because of our business. As I had indicated, Woodbine spends \$80 million on vendors and suppliers. Those people will suffer because of this as well. The veterinarians—there's a whole chain of people that that will have a chain reaction to, and I don't believe that that consideration has been taken into place, but I do think that you will see that social welfare rolls will be going up as a result of this decision.

Mr. John Vanthof: I don't think anyone likes changes, but from a business perspective, would it have made more sense to you, two years back or when this announcement was made, to say, "Okay, we're thinking about doing this. Let's talk about this and see what can come out of this," as opposed to what they did?

The second part of this question is, will this panel that was just announced really have the benefit that it could have had? The damage is happening as we speak, so will this panel even have a chance to help?

Ms. Jane Holmes: Again, to the last question first: It has already had a severe impact on our breeding industry. The announcement was made right at the time that the peak breeding industry was happening for all three breeds in the province, and that can't be undone. The risks that we have right now, if there isn't a solution or information brought forward before the fall—September is when the major breed sales are. So you're going to be punishing the breeders twice in the same year, this time for an investment that they made two years ago.

From an investment and a business perspective, this was just a poor business decision. I think everybody in the industry could appreciate that the province was in a deficit situation, and I think that we would have been

prepared to have discussions with the government with respect to possible changes to the revenue share so that we could all feel the pain, as they're doing with other labour groups as well around the province. That didn't happen.

At Woodbine, we have 2,300 people on our payroll. If a decision isn't made soon, we're going to have to start making decisions about what we do with those 2,300 people, because we're going to lose half of our revenue. Woodbine is the only track in the province where the majority of our revenue still comes from parimutuel. Is it a subsidy when the government still has a greater return than what the subsidy was? I don't believe it is. It was entered into as a commercial contract.

I can also tell you that in doing that, the horse racing industry has been cannibalized. We've done exit surveys. We know that our horse racing customers don't bet as much on horse racing today as they did before the slots came into the racetrack, because they have the slots there. So we are being cannibalized, but we were okay with that because we knew that we were getting the same revenue share and it really didn't matter. Can this industry be sustainable? No. There's too much government-operated gaming in the market. Their product lines have been growing since the 1970s. The horse racing industry is still left with the same traditional product lines that it has always had. There's currently legislation—

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The Chair (Mr. Bob Delaney): Thank you. I'm going to stop you there. Thank you very much for having come in and for having shared your thoughts with us.

Ms. Jane Holmes: Thank you.

NORTH SHORE TRIBAL COUNCIL

The Chair (Mr. Bob Delaney): Our next presentation will be the North Shore Tribal Council. Please come forward.

Please have a seat. Make yourself comfortable. Thank you for joining us today. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. The questioning this round will come from the government side. Please begin by stating your names for Hansard and proceed.

Mr. Alan Ozawanimke: Good afternoon and thank you for meeting with us. My name is Alan Ozawanimke. I'm the chief executive officer for Mamaweswen, the North Shore Tribal Council. We represent seven First Nations on the north shore of Lake Huron between Sudbury and Sault Ste. Marie: the communities of Atikameksheng Anishinawbek, Sagamok Anishinawbek, Serpent River First Nation, Mississauga First Nation, Thessalon First Nation, Garden River First Nation and Batchewana.

I'm accompanied by our director of Niigaaniin services—which is the Ontario Works delivery agent for the communities that I've just mentioned as well as Wahnapiitae—Elizabeth Richer.

First, I want to again thank the committee for agreeing to meet with us to hear our concerns about the proposed

cuts to the social assistance programs that are part of the government's overall deficit reduction plan. First, we just wanted to state that we do not agree with the government's focus on deficit reduction. Like families and individuals, we recognize the province cannot continue to spend beyond its revenues without running the risk that the cost of servicing an ever-increasing public debt will eventually make it impossible to meet public needs. However, we do not agree that the proposed cuts to social assistance will in any way contribute to deficit reduction, and for that reason, among others, we ask that the government remove this component from its effort to rein in the deficit.

We ask you to consider the following points:

It's estimated that the freeze on rates and cuts to certain benefits—Ontario Works and Ontario disability—considered in isolation might reduce projected government expenditures in this area by \$130 million per year. But you cannot look at these cuts in isolation. These cuts will increase the level of poverty already being experienced by those dependent on financial assistance, and it is well accepted that poverty generates costs to society well beyond the costs of providing financial assistance.

For example, our clients are already disproportionate consumers of physical health services. Cuts to social assistance, which is already 60% below what it was in 1995, will make it even less likely that our clients and their children will be able to eat adequately or live safely. Thus, it will be even more likely that they will experience physical health problems that will cost the overall system money.

Our clients and their children are already disproportionate consumers of mental health and addiction services. Cuts to financial assistance can be expected to increase the already high level of despair experienced by our clients, and this will result in an increase in the level of need for mental health and addiction services.

Our clients are already disproportionate consumers of mandatory child and family services. A decrease in their ability to provide for their children can be expected to result in increased levels of family dysfunction and breakdown and therefore in increased rates for high-cost child protection and family court intervention.

Our clients are already disproportionately attracted to petty crime as a means of making ends meet. Cuts to financial assistance can be expected to result in increased policing and court costs.

The children of our clients are already disproportionate consumers of remedial services in the schools due, for example, to developmental delays that result from growing up in poverty. Cuts to social assistance can be expected to increase the cost of remedial services in the schools.

At the same time, in a society that increasingly frets over a growing lack of skilled workers, it is very short-sighted to spend money on immigration and migrant workers and not at the same time invest money in people living in poverty who are a significant pool of needed labour that is already here.

But people who live in despair are less able and increasingly less likely to take advantage of employability development services that are provided by Ontario Works delivery agents and other government-funded agencies. As the level of despair increases, people are caught up in simply trying to meet their very basic needs by whatever means. The effort involved in dealing with physical and mental health issues, addictions, going back to school, taking job skills training and pounding the pavement to look for work takes a back seat to simply surviving day to day.

In our experience, it is only when people are able to fulfill their basic needs for food, clothing and adequate shelter that they gain hope and begin to turn their attention, with our help, to dealing with the personal and situational barriers to employment and self-sufficiency that they experience.

Up to now, social assistance delivery agents have been able, to some extent, to compensate for increasingly inadequate basic shelter and child benefit rates—which, because of the Harris government's 22.5% rate cut and inflation, are now almost 60% less in purchasing power now than they were in 1995. This has been accomplished by using the mandatory community start-up benefit and the health-related discretionary benefits to cover client costs that simply cannot be covered from a client's basic benefits without grave consequences in terms of inadequate nutrition and unhealthy living conditions.

For example, we currently use these benefits to keep the power and heat on in a home when these are about to be cut off, because a client has had to choose to feed and clothe his or her children rather than paying for utilities in a given month. We use these benefits to ensure a client is not evicted when he or she has had to choose to buy food and warm clothing for their children rather than keeping up with the rent. We use these benefits for health and safety reasons, to ensure that a broken furnace, leaking plumbing, a backed-up septic system, broken stove, broken refrigerator, leaky roof or broken window is fixed when it needs fixing. We use these benefits to ensure that a client can get to a needed medical appointment or a job interview. We use these benefits to help a client relocate to go to school or to take training to take up a job.

In particular, we use these benefits to ensure that any woman who has left an abusive relationship and taken refuge in a women's shelter gets the help she needs to establish a new residence. With these cuts, many such women will have no choice but to return to that abusive situation.

The loss of the community start-up benefit and the proposed cap on health-related discretionary benefits will remove approximately \$450,000 from our clients alone, a very significant drop—80%—in our ability to ensure that their basic needs are met.

In essence, the benefits that are about to be cut are the difference between hope and despair, and without hope, there is no possibility that we can effectively work with our clients to help them become more employable and, ultimately, in a job.

It is worth noting that unlike tax breaks given to the wealthy and corporations, you can be assured that every penny of financial assistance goes back into the economy as food purchases, clothing purchases, rent and utility payments and repairs. None of it stays in the client's pocket or goes into an offshore savings account.

Finally, it is not just the cuts that we are concerned about. The government has also signalled that it may well remove the innovative employment development component of the social assistance program and turn responsibility for this work over to other agencies, such as Employment Ontario and the education system, in order to somehow save money.

We believe that such a move is wrong. A very large proportion of those dependent on financial assistance have what are best called pre-employment needs. Before these people can be expected to succeed in educational upgrading and job-specific skills training provided by other agencies, they must first address many basic issues associated with poverty: illiteracy, mental health issues, addictions issues, lack of self-esteem, weaknesses in basic life skills etc. In our experience, the effort to address these issues is best done by those working at the grassroots level. The capacity to address these issues should remain with us.

In our view, a view shared by many others, there will be no \$130-million saving in the overall cost of public services that will be accessed by those whose degree of poverty and despair will simply be increased by this amount. Health, mandatory child protection, policing and court costs, just to name a few, will all rise significantly and more than offset this entirely apparent saving in very short order.

The fact that government has belatedly announced that it will increase by 1% rather than freeze rates makes little difference. An increase of \$5 to \$10 per month in a client's benefits is insignificant.

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In our view, it would be better for the economy and ultimately for deficit reduction to invest at this time in making poverty history rather than increasing poverty.

The Chair (Mr. Bob Delaney): Just as a reminder, you've got a little less than a minute to go.

Mr. Alan Ozawanimke: Yes, I'm just about completed. Thank you.

In our view, it would be better for the government to at least wait to hear from the social assistance review commission before taking any action on the social assistance system.

In our view, it would be politically very easy to simply remove these cuts from the budget—it would not be noticed. And \$130 million is but a tiny fraction of 1% of the deficit and is in any case, as argued above, not a real cut, except for those dependent on financial assistance and already living in unacceptable and morally unconscionable poverty.

We ask you to please stop the cuts.

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

Mrs. Teresa Piruzza: Alan and Elizabeth, thank you very much for coming forward with your presentation. We have the written comments, as well, of what you've gone through.

Interjection.

Mrs. Teresa Piruzza: Oh, sorry. I guess they can't hear me.

Just before I go on with a couple of questions or some comments that I have for you, just so you know, my background before I was elected, which was just this first time in October, I was the director of employment and social services for the city of Windsor, so I was the OW administrator for the city of Windsor and Essex county—very familiar with what the programs are and really with the developments that have occurred over time. In fact, what I've seen through this government over the last eight years are a number of steps that have gone towards eliminating poverty.

Are we all the way there yet? No. Is there more to be done? I would agree with you, there's more to be done. However, I think this government has certainly come a long way with respect to gradually increasing rates—the Ontario child benefit, changes in terms of income tax and various other elements—just so you know kind of where my background is. When you speak about CSUB, when you talk about some of those programs, I'm intimately familiar with what those programs are.

But one of the elements I'm familiar with, too, is that the delivery of Ontario Works in municipalities is somewhat different with the delivery of Ontario Works on-reserve as well. The question is that some of the changes that we're going to be seeing off-reserve may not be applicable on-reserve as well. Do you have any comments with respect to that, in terms of the difference between off-reserve and the applicability of Ontario Works and some of the changes on-reserve?

Mr. Alan Ozawanimke: Elizabeth Richer is our director of Niigaaniin services, and she'll respond. Thank you.

Ms. Elizabeth Richer: Is this on? Can you hear me? Oh, okay.

There's a large difference because when you live in the municipality like Windsor, as you're aware, there are agencies that provide services in a municipality. On a First Nation, we're the only stop, so we don't have access to a lot of the agencies; nor are there a lot of the agencies in our urban centres that surround eight of our communities.

Community start-up, as you were talking about, health-related and non-health, is roughly about \$458,000 we spend within eight communities. Once those benefits are cut from social assistance, our people will have no place to go because there are a lot of services that are not provided on-reserve.

Mrs. Teresa Piruzza: My understanding with respect to the CSUB program is that the delivery of these services won't be impacted, again, on-reserve as they are off-reserves and that in fact the ministry is currently in

consultations with respect to the handling of CSUB. Are you familiar with that?

Ms. Elizabeth Richer: Jeff Butler from the Ontario Works branch is the director, and he's in consultation—it hasn't started yet—in regard to community start-up. Community start-up is a very small portion. We spent \$172,561 last year. However, we spent \$434,023 in health-related. By merging health-related and non-health to \$10 a person, that's going to significantly lower our budget. Our budget will probably be roughly about \$67,000 where we've spent \$434,000 previously.

Mrs. Teresa Piruzza: So with respect to the discretionary benefits is more what you're discussing—

Ms. Elizabeth Richer: Yes, the health-related and non-health.

Mrs. Teresa Piruzza: —because much of your submission was with respect to the CSUB. So specifically, you're really talking about the discretionary health and non-health-related discretionary benefits.

Ms. Elizabeth Richer: Correct, which is also reimbursed to the province from the federal government.

Mrs. Teresa Piruzza: That, then, comes to the next section that I wanted to ask you about too, and that is that element of the federal support. Minister Wynne, the minister responsible for aboriginal, of course has been very supportive and I know has spoken with a number of reserves and has gone out to visit and has consulted. What level of support or what more can the federal government be doing in terms of supporting you as well?

Ms. Elizabeth Richer: Well, we have the 1965 Indian Welfare Agreement. We're the only province with that agreement. The province sets the standards and Canada reimburses the province 93% of the 80% that they spend.

Mrs. Teresa Piruzza: And that's specifically on social assistance, so on Ontario Works?

Ms. Elizabeth Richer: That's specifically for social assistance, yes.

Mrs. Teresa Piruzza: What would be your comments with respect to affordable housing or any type of housing strategy?

The Chair (Mr. Bob Delaney): And those will have to be very brief comments.

Ms. Elizabeth Richer: Okay. The affordable housing, the social housing on-reserve—we have the highest rents; we have market-value rents. The average three-bedroom home in our communities is roughly about \$750 when their basic shelter is about \$627.

Mrs. Teresa Piruzza: That's an area, then, in terms of provincial-federal discussions that can entail in terms of housing, which would then assist with respect to the amount that you receive through assistance as well?

Ms. Elizabeth Richer: Yes.

The Chair (Mr. Bob Delaney): That is where we will have to terminate it today. Thank you very much for having come in and to have shared your thoughts with us.

Ms. Elizabeth Richer: Thank you.

Mrs. Teresa Piruzza: Thank you again.

COLLEGE OF EARLY CHILDHOOD EDUCATORS

The Chair (Mr. Bob Delaney): Our next presentation is the College of Early Childhood Educators, Darlene Edgar and Sue Corke. Thank you for joining us today.

Ms. Darlene Edgar: Thank you very much for the opportunity. I'm Darlene Edgar. I'm vice-president of the council of the College of Early Childhood Educators.

The Chair (Mr. Bob Delaney): Just before you plunge right into it, just to remind you, you'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning will come to you from the opposition. One of you has stated your name for Hansard. Please state both names and then proceed.

Ms. Darlene Edgar: I'm here today with Sue Corke, who is the registrar of the College of Early Childhood Educators. I am a very proud registered early childhood educator, and I'm here on behalf of the college to thank the provincial government for its commitment to quality early learning and care for Ontario's children.

The College of Early Childhood Educators is the regulatory body for early childhood educators in Ontario. It was established by the Early Childhood Educators Act of 2007. Our mandate is to serve and protect the public interest through self-regulation of the profession of early childhood education. Since 2008, the college has registered more than 38,000 early childhood educators, which is a good-news story.

Registered early childhood educators plan and deliver inclusive, play-based learning and care programs for pre-school and school-aged children. They work in a variety of settings, including child care programs, before- and after-school programs, full-day kindergarten, special education and intervention programs, family resource programs, home child care programs and in health care settings.

We are committed to our mandate, and the college's ability to serve and protect the public interest relies heavily on a workforce made up of registered early childhood educators who are engaged. An engaged workforce requires the support of a quality-focused child care sector.

The government's 2012 budget allocation of \$242 million through the Ministry of Education to stabilize the child care sector during the transition to full-day kindergarten is a strong commitment to quality. The government's commitment to the implementation of full-day kindergarten across the province by 2014, despite a Drummond report recommendation to cancel the program, is the right decision. An investment in Ontario's early learners is the right decision for the future of our province.

Dr. Charles Pascal, in his 2009 report *With Our Best Future in Mind*, pointed to early childhood educators as the professionals who have the skills to take early learning to the next level in Ontario. Like Dr. Pascal and the province's more than 38,000 early childhood

educators, the government of Ontario recognizes the important role early learning has to play in the futures of Ontario's children.

We know that early childhood education significantly impacts on brain development during the early years of life, specifically between birth and six years of age. In the recently published Early Years Study 3, Dr. Fraser Mustard and his colleagues demonstrate just how important the environmental interactions between an adult and child are to our young learners. We know that those interactions influence neural pathways for language and higher cognitive functions.

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Real-time benefits of play-based learning are already apparent in children attending the full-day kindergarten program, including improvements in the areas of literacy, art, awareness of self and those around them, and leadership. Ontario's full-day kindergarten model is a big step forward in early learning, and the College of Early Childhood Educators commends the government of Ontario for its investment in this program and Ontario's children in the face of enormous fiscal challenges.

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

Mr. Peter Shurman: We have no questions.

The Chair (Mr. Bob Delaney): Okay. Thank you for having come in to share your thoughts today.

Ms. Darlene Edgar: That was easy.

The Chair (Mr. Bob Delaney): It's never all that hard.

ONTARIO HARNESS HORSE ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation is going to be from the Ontario Harness Horse Association. Good afternoon and welcome.

Mr. Brian Tropea: Good afternoon.

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

Mr. Brian Tropea: Mr. Chair, honourable members of the committee, thank you for the opportunity to contribute to the democratic process by appearing before you today for this important consultation. My name is Brian Tropea. I'm the general manager of the Ontario Harness Horse Association, and it's my pleasure to speak to Bill 55, Strong Action for Ontario Act.

OHHA is the largest horse persons' organization in Ontario representing the standardbred industry. The association was formed in 1961 to represent the interests of those who are involved in the standardbred racing industry. We currently have approximately 3,500 members and are comprised of a board elected by our members.

Given the full schedule of your committee and our time constraints, I shall speak directly to the question at hand: How will the proposed budgetary changes to the

slots-at-racetracks program affect the standardbred industry and our members?

The economic impacts of our industry have been well documented in multiple reports, some commissioned by the government and some by industry organizations. We have provided the clerk of the committee with copies of various reports for your perusal. Without going through the reports in detail, they are consistent in their findings that the racing industry's contribution to the provincial economy is measured in billions of dollars.

A good extent of our growth since 1998 is as a direct result of the slots-at-racetracks program. The 10% of the revenue that the horse people receive goes directly into purse pools, or the money that the horses compete for. This increase in purse pools results in an increased demand for horses, which in turn drives the demand on Ontario breeding farms, allowing them to expand and invest. Our sire stakes program requires horses that are bred in Ontario. It is generally accepted that the Ontario program has become the global model, thus further enhancing our breeding industry.

As more horses are bred and raced in Ontario, it expands the economic envelope to include Ontario farmers who supply the industry with hay, grain, straw and other necessities. There is increased work for farriers, blacksmiths, grooms, trainers, drivers and many other related occupations. There are increased opportunities for vets and manufacturers of racing equipment, from harness to jog carts and race bikes. There is an increased demand for vehicles, including trucks and trailers manufactured here in Ontario. The businesses that benefit from racing include local sawmills, who supply sawdust and wood chips for bedding, boards for fencing and materials for stables and other structures.

The list of occupations and businesses that rely on horse racing is exhaustive, and this is only a short summary as there are too many to list. As a result of this increased economic activity, the economic envelope widens again to encompass the small-town merchants who rely on this economic activity to sustain their enterprises.

The 32,000 full-time jobs—60,000 in total—as happen mainly in rural Ontario, are an economic pillar for rural Ontario and make use of and create the pastoral landscape that has a direct connection to our tourism product.

I also want to speak of the intangible benefits. It's a way of life that has been part of our history and culture for generations. While it may not be everyone's ideal vocation, it is for the tens of thousands of individuals who rise at dawn and often only rest well after dusk to care for and raise these magnificent horses.

While debating Bill C-7, An Act to amend the Criminal Code as it relates to parimutuel betting in 1989, Don Mazankowski, then the Deputy Prime Minister, President of the Privy Council and Minister of Agriculture, had this to say: "The horse racing industry is labour intensive. It employs many skilled and unskilled workers, many of them in rural areas. As I said earlier, there is a commitment to this industry by many people and a love of the

industry on the part of those that are involved in it. To them, it is more than simply a job. These jobs would be extremely difficult to replace if ever lost. As I said earlier, we are not only providing the potential for the creation of new jobs, but we are in fact ensuring the preservation of existing jobs. We believe that the creation of teletheatres will protect these existing jobs as well as create new employment within the industry. As I said earlier, we are not only preserving an industry but indeed promoting it. We are helping it along and providing the assurance that jobs will be maintained and created. As well, in strengthening this industry, we are in fact preserving a bit of Canadian culture, something that is quite fundamental to Canadian life.”

There is not a day that goes by where our members are not relaying conversations they have had with people in the rural parts of the province who fail to understand the logic behind the government announcement concerning the industry. People are very concerned—“afraid” is not too strong a word—about the uncertainty that this policy announcement has created. Will they have a job? Will they be able to pay their bills? Can they pay their mortgage? Will they have to depend on government social programs to sustain their families?

When the slots-at-racetracks program started, OHHA was at the table. We fully understood that this would be increased competition for our industry. But we are more than a horse persons’ organization; we are also productive, responsible citizens of Ontario. We understand that governments face fiscal challenges in providing public services that all citizens desire and rely on; such was the case when the program was introduced. There was not majority public support for additional gaming venues outside of racetracks that were seen by the public to be acceptable places for slots because of decades of parimutuel wagering. Realizing our increased competition from slots, we were partners to the agreement that would see 10% of the slot revenue go to horse people to supplement our purses. The original agreement also had the goal of increasing economic activity in rural Ontario through the growth of our industry. The revenue generated for the horse racing industry is largely earned by Ontarians and reinvested in Ontario. The agreement has been beneficial to all parties, including the provincial government.

Mr. Chair, we believe it is important for your committee to understand this. This was a partnership that we agreed to as a means to support growth in government revenues. This was not a subsidy to our industry.

We believe the original objectives have been partially achieved as they relate to the growth of the industry and the growth of the economy in rural Ontario. There is ample evidence in the reports we have provided, and one only has to take a drive in rural parts of the province to see the reinvestment by horse people in farms, training centres, and other aspects of industry infrastructure. The horse racing share of revenue has been reinvested back into the Ontario economy. OHHA struggles to understand how allowing international casino companies to run

gaming and take profits out of the province could compare with the obvious benefits of the current model.

Is the program ideal? In our opinion, the answer is no. As an organization, we stated such in response to the Sadinsky report commissioned by the government in 2008. The report, which OHHA asked the government to conduct, called for significant change to the role of racetracks and the Ontario Racing Commission, the body that regulates the sport in Ontario. We had concerns then, as we do now, about the role of the ORC and the obligation of the racetracks to live up to the terms of the original agreement. The Sadinsky panel—Stan Sadinsky, Jane Stewart and William McDonnell—met with all interested stakeholders during their preparation of the report. They reviewed the roles and operations of all organizations and made specific recommendations to address what they determined were flaws in the way that racing was being conducted and managed at that time. OHHA has continued to lobby for the implementation of the recommendations made by the Sadinsky panel, to no avail. OHHA believes that the panel offered an opportunity for the industry to be in greater control of its future while at the same time offering more transparency to government on the use of funds generated by the slots-at-racetracks program.

The Sadinsky panel had this observation: “The panel fully supports the continuation of the slots-at-racetracks program at a minimum level of 20% of the revenue generated from slot machines at the racetracks. However, we also recommend that the program be adjusted to better meet the objectives of enhancing wagering on Ontario product and enhancing the breeding of Ontario racehorses.”

The panel also had this to say: “Now, the time has come for the government of Ontario to reaffirm its commitment to the industry but not just in economic terms. With the creation of this panel, the province is seeking assistance for the industry once again by mapping a vision and direction for a strategic plan designed to ensure the industry’s long-term viability and sustainability. In our view what is required is a new framework for governance, regulation, economic success, innovation and social responsibility.”

And finally, the panel observed that: “Ontario is home to a world-class horse racing and breeding industry. It is the largest horse racing jurisdiction in Canada and the third largest in North America. It is an industry of which the province is justifiably proud. A significant reason for this pride is the valuable and considerable impact the industry has on the Ontario economy, most particularly the province’s rural economy.”

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Racetracks have the responsibility under their siteholder agreements to refurbish the infrastructure of racing and to market and promote the sport. Many racetracks have reduced live racing opportunities for horsemen and collectively have not met the obligation to refurbish infrastructure. Despite the requirement under the siteholder agreements for benchmarks to be de-

veloped through Ontario Lottery and Gaming to be able to review and assess the program on an annual basis, these benchmarks were never developed. OHHA views this as a major flaw in the original agreements.

The Chair (Mr. Bob Delaney): I just have to remind you that you've got a little less than a minute to go.

Mr. Brian Tropea: Okay.

When Mr. Drummond in his report asked that the program be reviewed from a value-for-money perspective, he did not say to scrap the investment in the industry.

Does OHHA believe a review is warranted? Absolutely. We believe that a thorough review of the industry and the economics surrounding the industry will demonstrate the importance of working with it to ensure its long-term sustainability. While a review should be a healthy exercise, let's not destroy an industry and a way of life until that review has been completed. This is not what Mr. Drummond recommended, and we believe this is not what this committee and our elected representatives want.

I want to leave you with one final quote from the Sadinsky report. It states: "In summary, the industry makes a critical and vital contribution to the economic and employment health of rural Ontario. Ensuring its preservation and continued development makes good economic sense for the province as a whole."

Let's work together to form a new partnership for our industry in Ontario to ensure its sustainability and continued economic contribution to our great province.

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

Ms. Sarah Campbell: I'll start off with a couple of quick questions and then I'll leave it to some of the other members from the NDP to ask some questions as well.

In terms of your ask, I know that the Woodbine Entertainment Group—WEG—asked that the horse racing and breeding industry be provided with sufficient notice with respect to any change to the slots-at-racetracks program so that it will be in a position to develop comprehensive business plans to address these changes in a professional and considered manner. They also ask that the proposed ending of the slots-at-racetracks program not go forward until a detailed analysis of the economic impact is completed by the joint government-industry panel. Is that something that you would support?

Mr. Brian Tropea: Yes, we would support that position.

Ms. Sarah Campbell: Do you think that there will be enough time for the joint government-industry panel to complete their work before this decision will be implemented?

Mr. Brian Tropea: I would hope so. There has already been significant economic harm to the industry: the fact that a lot of people have made business decisions based on the fact that they understand that the revenue-sharing agreement is ending. So I don't think there's enough time to turn back time and make those people whole again, but hopefully we haven't waited too long.

Ms. Sarah Campbell: Go ahead.

Mr. John Vanthof: You mentioned—thanks for coming, by the way, Brian. You mentioned at the outset that your organization was at the table when the program was initially created. As a business, and as a business arrangement with the government, did you have any more notice than what the general public had that your world was about to be turned upside down?

Mr. Brian Tropea: No. I actually got a phone call from the OLG as they were making the announcement.

Mr. John Vanthof: Also, you mentioned a couple of studies, one in particular: that the government commissioned the Sadinsky report.

Mr. Brian Tropea: The Sadinsky report, yes.

Mr. John Vanthof: In that report, and as well in the Drummond report, there was no red flag that said that the horse racing industry is a burden on the government and it has got to be changed.

Mr. Brian Tropea: No. Correct.

Mr. John Vanthof: This panel that was just recently announced: With the money that—I believe it was \$50 million that was proposed. Realistically, is the time-frame—can this panel do as much as if a panel like this had been created with a two-year window of looking at the industry and moving forward?

Mr. Brian Tropea: No, I don't believe so. I think that if there had been a panel that was developed to look into the implications of the adoption of the recommendations by the OLG, they never would have made them and certainly they wouldn't have been throwing out a number of \$50 million over three years, because that doesn't get us anywhere close to a sustainability number.

Mr. John Vanthof: Thank you.

Mr. Paul Miller: Obviously, this decision has had a negative impact. I would also like you to explain, if you could, about the secondary industries and the other support industries that support the racing industry in Ontario that would be adversely affected by this decision. Your first estimates were that roughly it could have a negative impact on 60,000 people in rural Ontario. That number goes up significantly, counting the secondary industries. Would that be a fair statement?

Mr. Brian Tropea: Absolutely. The Ontario Equestrian Federation has come out publicly in support of the horse racing industry because the decisions that affect the horse racing industry have a trickle-down effect on all the sport horses and pleasure horses as well.

Mr. Paul Miller: Is it your opinion that a lot of these beautiful animals will have to be put down because people won't be breeding any more and it becomes a financial burden to any race owner or farmer that develops horse racing? Do you believe that a lot of these animals won't find a home and they'll have to be put down?

Mr. Brian Tropea: Unfortunately, I do believe that, yes.

Mr. Paul Miller: Thank you.

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

Mr. Brian Tropea: Thank you.

The Chair (Mr. Bob Delaney): Is the Canadian Life and Health Insurance Association in the room? Apparently not.

As we, at the moment, lack a group to make a presentation, this committee will be in recess—and this time I will get it right—until 2:55 p.m.

The committee recessed from 1447 to 1456.

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION

The Chair (Mr. Bob Delaney): Okay. We are right on the revised schedule. Good afternoon and welcome back. We're here to resume our consideration of Bill 55.

Our next presentation is the Canadian Life and Health Insurance Association. Do come up and have a seat. Make yourselves comfortable. You will have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning in the rotation will come from the government. Begin by stating your name for Hansard and proceed.

Mr. Frank Zinatelli: My name is Frank Zinatelli. Thank you for this opportunity to appear before you today. I'm vice-president and general counsel of the Canadian Life and Health Insurance Association. As I indicated, I would like to thank the committee very much for this opportunity to contribute to its review of Bill 55, the Strong Action for Ontario Act (Budget Measures) 2012; in particular, the amendments to the Insurance Act that are set out as schedule 31.

I'd like to begin by introducing my colleague Jodi Skeates, senior counsel with the association, where she focuses on insurance issues. With your permission, Chairman, we would like to make some introductory comments.

The Canadian Life and Health Insurance Association represents life and health insurance companies accounting for 99% of the life and health insurance in force across Canada. The Canadian life and health insurance industry provides products that include individual and group life insurance; disability insurance; supplementary health insurance; individual and group annuities including RRSPs, RRIFs and TFSA's; and pensions. The industry protects more than 26 million Canadians and over 45 million people internationally.

The life and health insurance industry makes benefit payments of \$31.6 billion a year to Ontario residents. It has \$212.4 billion invested in Ontario's economy, and it provides employment to over 62,000 Ontario residents. Eighty-seven life and health insurance providers are licensed to conduct life and health insurance in Ontario, and 61 of them have their headquarters in the province.

We welcome this opportunity to appear before the committee as it seeks to develop its report to the Legislature. The main message we would like to convey is that the life and health insurance industry supports schedule 31 of Bill 55. But we also believe that a few of the provisions need some tweaking and that schedule 31 should also address a few other matters of importance to the life and health insurance industry.

Ms. Skeates will now comment briefly on some of the key aspects of the bill from our perspective.

Ms. Jodi Skeates: Thank you, Frank. We note that schedule 31 would update parts V and VII of the Insurance Act, which govern insurance products issued by life and health insurance companies in the province. These parts govern a wide variety of contractual matters.

There has not been a complete revision of part V or VII since 1962 and 1970, respectively. As a result, the current provisions have not kept pace with changes in the marketplace and its evolving needs, including new products, new sales and delivery methods, and new technologies, as well as more sophisticated insurance consumers and insurance industry practices. In order to continue to be effective, these provisions of the Insurance Act need to be brought up to date, and we are pleased to see that schedule 31 accomplishes this to a large degree. The updating of the Insurance Act will allow consumers and insurers to operate under modern legislation.

The amendments in the bill will bring greater disclosure and strengthen the rights of insurance consumers in Ontario. For example, persons covered under group insurance will have the right to obtain a copy of a group insurance policy; an insured will have additional time to reinstate his or her individual insurance contract without evidence of insurability; and if a policy were to restrict the consumer's ability to designate a beneficiary, the insurer will be required to advise the consumer by using a conspicuous, bold-type warning.

We note that the preponderance of the amendments to parts V and VII would harmonize the amendments to the insurance legislation being made or considered in other common-law provinces such as Alberta, British Columbia and Manitoba. CLHIA is a strong advocate of harmonization and fully agrees with this approach.

It is important to have as much harmonization as possible in the life and health insurance legislation across Canada. This will ensure, for example, that an employer with employees in multiple Canadian jurisdictions can provide the same group coverage to its employees under a single group insurance policy and that consumers who move between provinces can expect and rely on the insurance laws of one province to be consistent with another's.

Our review of schedule 31 has identified two key instances where it is essential to strive for greater harmonization. The first relates to prescribed notification language and the second relates to statutory conditions in individual accident and sickness contracts. In addition to the advantages of harmonization noted above, greater consistency of these provisions would permit insurers to continue to use the same form of contract across common-law provinces.

We will now turn to three matters that we believe ought to be addressed in schedule 31. First, schedule 31 does not address electronic means of communication and insurance, including its use for designation of beneficiaries. This is an important matter in order for companies to be able to carry on business efficiently and as consum-

ers demand in a modern society. Secondly, we recommend that schedule 31 include a self-evaluative privilege provision to encourage the use by insurers of self-assessment compliance audits. This is an important matter for the industry, is supported by the Canadian Council of Insurance Regulators, and there are precedents in Alberta's Insurance Act and in the amendments to Manitoba's Insurance Act that are present before that province's Legislature.

Mr. Frank Zinatelli: Chairman, the third point that we would like to make relates to our belief that it is critically important to ensure that employees on long-term disability are protected in the event of a plan sponsor's financial stress or insolvency.

History has shown that when an employer becomes insolvent and its LTD plan is uninsured, disabled employees can sometimes lose their benefits. The most recent example of this involves the disabled employees of Nortel, who now have to rely on government assistance to meet their needs.

Currently, Canadians have very little protection under the law to support ongoing LTD claims in the event of an employer's bankruptcy. We believe that the best route to address the protection of those on LTD is to require that all LTD plans be offered on an insured basis. This provides the maximum protection for disabled employees and ensures that they are paid regardless of their plan sponsor's financial situation.

With insured plans, the risk and financial liabilities for providing the LTD benefits are transferred to the insurer. The insurer's responsibility with respect to disability benefits continues, even when the plan sponsor experiences financial difficulties or after the plan is terminated. Indeed, after a plan sponsor's bankruptcy, the insurer will continue benefits for disabilities that began while the group policy was in force.

The federal government is taking action to address this issue under the Canada Labour Code in a bill that is now before Parliament. The amendments would require federally regulated private sector employers that provide benefits to their employees under long-term disability plans to insure those plans, subject to certain exceptions. Since the federal provisions only apply to companies under federal jurisdiction, such as banks, transportation and communication companies, this means that to truly solve this ongoing problem, provinces must pass their own legislation requiring that all LTD plans be offered on an insured basis. We strongly recommend that Ontario do so.

To conclude—

The Chair (Mr. Bob Delaney): You've got about one minute to go.

Mr. Frank Zinatelli: To conclude, Chairman, the industry greatly appreciates this opportunity to participate in the committee's review of Bill 55, Strong Action for Ontario Act (Budget Measures), 2012. Once again, we would like to reiterate that the life and health insurance industry supports schedule 31 of the bill, but as we have noted, we also believe that a few of the provi-

sions need some tweaking and that schedule 31 should also address a few other matters of importance to the life and health insurance industry.

We would be pleased to answer any questions that you may have. Thank you.

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

Mrs. Teresa Piruzza: Thank you very much, and thank you for taking time out this afternoon to present to us with respect to Bill 55. In going through your presentation, your presentation was specific to schedule 31, or the Insurance Act and the recommended amendments that are in that area.

Now, from your remarks, I understand you're supportive of the general direction that we're going with respect to the amendments that are currently in the bill but would recommend a couple of tweaks, I guess, as you call them, to that act. Now, you've listed three of them in your presentation, essentially. Are those in order of preference or, if you were to look at the three, how would you prioritize those areas?

Mr. Frank Zinatelli: If I were to be looking at those, probably the one that would strike me the most is the one relating to protection for LTD individuals. That is the one that affects a small group of people, but it has happened three times in the last three decades. You know, we don't want to go and find ourselves in a similar situation another decade from now, if it keeps going on that average. So I think that would be the one that, to me, would be most important.

The one that would probably be more significant in another way and would have more effect is that the world is moving very much towards the use of electronic communications etc., so that would perhaps have a more pervasive effect, and it's something that consumers are demanding. That one is different, but I would rate that maybe as number two, let's say.

Mrs. Teresa Piruzza: Okay. Now, with respect to the electronic, just a little bit more on that in terms of what element—would it be the electronic submission of applications, of beneficiaries? Give us a little bit more information in terms of that recommendation.

Mr. Frank Zinatelli: Maybe I'll start that and maybe my colleague Jodi can assist.

Generally, we are talking about being able to make beneficiary designations electronically. One of the things that happens right now in the market is that companies can do—well, any organization, effectively, under the electronic commerce legislation. You can do most things in an electronic format, but then, in our industry, because you can't do a few pieces electronically, you kind of have to use paper as well.

So the consumer comes to us and says, "We're doing everything else that way. Why can't we just streamline and be efficient and effective that way?" But, of course, we do like to follow the law, and we do, so we're looking for that adjustment.

Mrs. Teresa Piruzza: Fair enough, okay. I think that clarifies it.

Ms. Jodi Skeates: Certainly it would just be an additional linkage to clarify that the Electronic Commerce Act in Ontario is a piece of legislation to which the Insurance Act can be applied; that would resolve any issues relating to the exclusion of wills or testamentary-type documents under the Electronic Commerce Act.

Mrs. Teresa Piruzza: Okay, those are all the questions I have. Thanks again for coming.

The Chair (Mr. Bob Delaney): Thank you very much for your time in coming in to share your thoughts with us. Have a good day.

Mr. Frank Zinatelli: Thank you, Chairman.

Ms. Jodi Skeates: Thank you.

ONTARIO COMMUNITY SUPPORT ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation will be the Ontario Community Support Association.

Take a seat and make yourself comfortable. You'll have 10 minutes to give your submission to the committee. There will be up to five minutes of questions. This rotation of the questioning will come from the official opposition. State your name for Hansard and proceed.

Ms. Lori Holloway: Good afternoon. My name is Lori Holloway. I'm the chief of operations for the Ontario Community Support Association. I'm here to speak on behalf of a network of 500 organizations that have the man and woman power of 25,000 staff and close to 100,000 volunteers who provide community support services and home care to close to a million Ontarians per year. These are the services that help seniors and people with disabilities live at home. Some of these agencies have contracts to provide services on behalf of the CCAC, but they are all separate entities and the vast majority of them have a direct funding and accountability relationship with the local health integration networks.

1510

Thank you for the opportunity to provide advice and consultation on the 2012 proposed budget. As a voice of care in the community, we believe home and community support agencies are ideally qualified to meet the growing community care needs of Ontario's aging population in a very cost-effective manner.

We wish to thank the government for the significant recognition bestowed upon the home and community support sector this year. The health action plan was very thoughtful in laying the necessary groundwork to provide better care and better value for our health care dollars by improving capacity in home and community care. The 2012 budget funding commitments for the sector is a specific and positive step forward.

For the government to instill public confidence in the community sector and to deliver on the promise of value for money and better care, it is imperative that you become aware of some important considerations that my organization has identified. If the health action plan is a road map for creating a system that delivers on health

care in a smarter and more effective way, the budget is the enabler of that action to take place. Measures to enhance capacity, including increasing investments in our sector, are welcome, but it is the implementation of the funds that determines how effective the government will be on delivering this health action plan.

During the next few months, the government will grapple with some key policy changes, including expanding the mandate of the local health integration networks, including primary care planning into the network, launching of house calls, a senior care strategy and reviewing how we procure our home care services. Where the government ultimately lands will have a profound impact for how Ontarians access care.

The time to act is now. Over the next weeks and months ahead, we believe there is significant opportunity to reshape how Ontario's health system operates. That's how we empower community organizations to take an expanded role and avoid duplication of services. We would like to see us resist the habit of focusing our spending on the most expensive parts of the health system first. How do we do that within this budget? We have some recommendations for you to consider.

A 4% budget increase commitment for the community sector for three years is wonderful news, and it helps Ontarians receive care at home. However, no community agenda can be successful without honest recognition of the sustainability challenges we have in the community sector. We're dealing right now with wage disparity and a lack of funding for infrastructure. To deal with this, we highly recommend the LHINs direct at least 1.5% of the 4% commitment each year for the next three years to base funding for those agencies to deal with the growing gap.

A significant plan and monitoring process should be set up to make sure that new money gets to the front-line delivery of home care. Home care providers have been given early warning signs from the CCACs that no new money will be available for rate increases when, for example, the sector has already been held to two years of wage restraint.

What does that mean? Personal support workers are leaving home care to go work at Tim Hortons, where hours, working conditions and benefits are much better. It's important that the implementation of the budget reflects the need to get as much resources to the front line as possible. We would like to see specific terms on how large, bureaucratic organizations like the CCACs will reduce duplication of service and get more resources down to the front line where they are needed most.

We recommend that the ministry and the LHINs think outside the box on home and community care investments that will deliver better value for their dollar. For example, the implementation of the community health coordinator concept, as it's described in the health action plan, should be rolled out based on the Waterloo Wellington geriatric service worker program. In the Waterloo Wellington LHIN, this model has demonstrated its effectiveness in avoiding unnecessary readmissions to

hospital, especially for individuals without a robust caregiver support network. Individuals who are hired in this geriatric service role are unregulated workers, which frees up nurses to provide more nursing care that is appropriate to their level of training and skill. A regulated health worker is not necessary for this role and is the most expensive option. A nurse in this role, in a CCAC, for example, is estimated to cost between \$90,000 and \$100,000 a year, whereas a geriatric service worker would cost \$40,000 and provide a better-coordinated experience for the client.

Our last recommendation is to expedite the commitment of three million new hours of home care to the home and community support sector. Our system is focussed on acute care and not chronic care, and that focus needs to change. We recommend shifting the delivery of homemaking and personal care for clients who have lower clinical needs from the CCAC to directly LHIN-funded home and community support agencies.

Changing the delivery model for these clients will reduce by 50% the public dollars required for each hour of homemaking and personal care that these specific clients receive, thereby doubling the amount of care provided with the current funding levels. Means-tested copayments represent a portion of the costs of service delivery that can be charged to those who can afford to pay. The total cost of services is borne 100% by the public when these services are only delivered by the CCACs.

Sticking with the status quo is tempting. Once the course is set, it becomes the path of least resistance. But other paths must be explored to reduce the burden of costs related to health care. The Ontario Community Support Association is calling for leadership and courage from government to make the changes necessary to provide value-based, quality services in the community.

We feel positive about the opportunities that are presented before us and look forward to working with you as our partners in transforming health care in the community. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. O'Toole.

Mr. John O'Toole: Yes, thank you very much for your presentation. It's very refreshing to hear your comments with respect to, first, commending the government for the additional 4%, but also not having a fully developed policy or delivery model.

Last week, I met with Community Care Durham, celebrating volunteers and thanking the many people who develop the programs or help deliver the programs in the community. I was quite impressed with the remark you made on doing things differently. You referred to the LHINs and the CCACs as large bureaucratic organizations—hardly appropriate delivery agents for a new method.

I will get to a question here. In the last year or two, they've recognized the tsunami of the aging population, and they've changed from providing the traditional solution, which was long-term care. There's no long-term care. In fact, one of the persons I met with this week said

that the current average age for a person in long-term care is 85, and the length of stay is three years. They're changing it to a model—it's important for the media to get this—of 90-plus and a one-year length of stay. So this isn't chronic care; this is end-of-life care.

When you talk about adding three million more hours, we know the CCACs today do not have enough hours to fulfill the commitment of aging at home. What suggestions would you make—and you've made a couple. The geriatric care, for instance, was a good solution that you've added. What other ideas do you have? They're going to review the LHINs, the LHIN function and its scope of mandate. What suggestions do you want to leave with the committee?

Ms. Lori Holloway: On how the system could be more effective? How to get more care in the community?

Mr. John O'Toole: Yes.

Ms. Lori Holloway: I think the deficit creates a serious situation which requires serious consideration of all the alternatives available in the community that we have yet to tap into. For example, we have portions of community support services that are delivered by volunteers: friendly visiting, Meals on Wheels, pieces of transportation services, pieces of supportive housing. There are models beyond how we currently operate in Ontario. In Spain, for example, there's a huge reliance on the volunteer component to actually deliver health care services. For example, if you need an ambulance, and the ambulance can't get there in time, you can call a community support agency and a volunteer can take you to the hospital.

We have to really open our hearts and our minds to be serious about providing value-based health care, but health care that we can afford. It doesn't always have to be about acute-care professional services just to have a system that's responsive to everybody's needs.

Mr. John O'Toole: Thank you very much, Ms. Holloway. I would say to you that's the most innovative thing I've heard in the last number of days in these hearings, some of which I've watched in the office, some of which being here. But you're right: Health care right now, today, is consuming an inordinate amount of the budget, almost 50%. In real terms, it's probably more than that.

The Chair (Mr. Bob Delaney): You're going to have to sum that up into a question real quick.

Mr. John O'Toole: I commend you for your advocacy and encourage you to think and speak out more openly about the innovation that's required. If we keep doing what we've been doing, we're going to fail the seniors.

Ms. Lori Holloway: Absolutely, but we have to take the handcuffs off the providers. We have to allow the LHINs to do their job and allow integration and new programs to develop in the community. But the way we do it right now, it's stifling innovation.

1520

The Chair (Mr. Bob Delaney): Thank you very much for having come in. Good to see you again, Lori.

Ms. Lori Holloway: Thank you.

ONTARIO NORTHLAND GENERAL
CHAIRPERSONS' ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is going to be the Ontario Northland General Chairpersons' Association. Please come forward. Have a seat, gentlemen. All the mikes work. You will have 10 minutes to make your remarks, followed by up to five minutes of questioning. The question rotation this time will come from the NDP. Please begin by stating your names for Hansard and then proceed.

Mr. Brian Stevens: All right, I'm Brian Stevens with the Ontario Northland General Chairpersons' Association and I'll be doing our presentation.

Mr. Brian Kelly: I'm Brian Kelly.

Mr. Ron Marleau: Ron Marleau.

Mr. Shawn O'Donnell: Shawn O'Donnell.

Mr. Brian Stevens: First off, we want to make good use of our time, and we appreciate this opportunity to have a few minutes with you to speak about our concerns from our members, our communities and from northeastern Ontario as they relate to this government's decision to divest Ontario Northland as some magic solution to deal with the provincial government's debt.

I think it's important that we just spend a few minutes explaining who Ontario Northland is. You'll see in our submissions that we spent a little bit of time identifying who we are in terms of our union bases with the Canadian Auto Workers union, the International Brotherhood of Electrical Workers, the Teamsters and the Steelworkers. We're not here just representing the labour organizations; we are here, in fact, working in concert with community leaders, the mayors' action group and the chamber of commerce in northeastern Ontario in this quest to have the Ontario government rethink its decision to divest all assets of Ontario Northland.

The ONTC was created back in 1902 and allowed for the construction of a railway north of North Bay up to Cochrane. Then in 1932, that rail line extended through from Cochrane into Moosonee to the shores of James Bay, where it was completed. The creation of this essential rail and eventual telegraph infrastructure allowed for mining and forestry companies to grow throughout northeastern Ontario, and it opened this section of the province up—and not just opened it up, but it also opened it up to the rest of the world to come and live and draw from the natural resources there to support itself. The ONTC, since these early days, has had its mandated services focused and expanded by provincial governments of every political stripe. We've done so often with little financial help from the provincial government, unlike other services in the province.

Today, Ontario Northland employs close to a thousand employees, and we're four of them. We just did a little math before we came in and we represent 124 years, between the four of us, of active service with Ontario Northland. We provide telephone and Internet services to the region's remote locations. We provide clean, efficient motor coach services to northern communities where the

private sector simply wouldn't do it. Our rail passenger division operates a six-day-a-week passenger service from Cochrane up into Moosonee. As well, we run a Northlander passenger train from Toronto to North Bay and North Bay up into Cochrane. That allows the rest of the region in the James Bay lowland to connect with the rest of the world.

It's interesting to note that just recently, the McGuinty government said that it would promise to refund GO Transit commuters if they were 15 minutes late, for being inconvenienced by 15 minutes, yet what he's done to the residents of northeastern Ontario is say, "We're going to cancel your train service completely." That's pretty abhorrent from our perspective as northerners, to somehow think that the passengers in southern Ontario—they deserve a good, safe, convenient inter-city passenger rail service, and so do we in northeastern Ontario.

Our rail freight division provides safe, efficient, flexible and reliable rail services to our freight customers in the region and allows them to compete with the rest of the world. Notwithstanding the economic crisis that saw itself develop in 2008, companies like Xstrata, NorFalco, Tembec, Lecours, Resolute Forest Products and Georgia-Pacific all rely on the services that we provide.

Then, of course, our rail coach refurbishment division is recognized by the industry as having one of the highest standards in the country in doing rail refurbishment work. In fact, Peter Lloyd, who was the manager of rail equipment for GO Transit at that time, now Metrolinx, said, "The quality of the cars being refurbished by Ontario Northland is top-notch, and the cars are absolutely stunning."

Now, it's clear today, following Minister Bartolucci's announcement back on March 23, that a 2010-11 decision by the provincial government not to award the GO Transit refurbishment contract to Ontario Northland but to let that go to a firm in Montreal was the beginning of the end for the ONTC. In fact, we believe the McGuinty government had already made the decision to divest itself of the services provided in the region, and they were going to do that come hell or high water as a result of Minister Bartolucci's announcement saying, "We're doing this because the Drummond report tells us we've got to do it, and we want to support what's said in the Drummond report." That announcement was pre-budget by a couple of days, but through all the budget discussions, Ontario Northland privatization or divestment has, in fact, been part of those discussions.

We do a little piece on the ONTC mandate. It's a complicated mandate, but it has served well the province of Ontario and it has served well the people who live and work in the region.

The investment—Premier McGuinty and Minister Bartolucci now call it a subsidy, but in fact it's an investment in northern Ontario. The return on investment over the same years that the provincial government, this government, contends it put in \$439 million—the net revenue to the province has been over a billion dollars. That's a pretty good return on investment.

In terms of comparing ourselves to elsewhere—the services we provide as an integrated passenger rail service in terms of what goes on in the rest of province in terms of Metrolinx—the amount of money that's provided to support the services of Ontario Northland disappears just by rounding off the finances that go to Metrolinx. Again, the greater Toronto area and the Hamilton area deserve good, solid, integrated passenger rail and passenger bus services, and equally so do the residents of northern Ontario. So the annual—we amortize it about \$48 million annually is a good return on investment.

What we're here to say is that the ONTC model works. It works very good. In terms of having this integrated passenger rail, passenger motor coach and telecommunications infrastructure, it works very well, because when one sector is down, the other is able to help cross-subsidize and maintain that service working. However, what is wrong is this constant impoverishing by the provincial government of the services.

We used to say it's because it was north of Highway 7. We've come to learn now that, really, anything north of Eglinton, let alone north of Highway 7, just doesn't seem to get any kind of response from this government. Anything north of Eglinton is out in the boonies, and shame on this government for doing that.

What we really want to say, in terms of just finishing up before we get to questions—hopefully we've got some time. Really, what we're looking for is a stand-alone corporation, very similar to what Metrolinx does. We made that suggestion to the provincial government back in 2003, and that's three years before Metrolinx was even given birth. The model is there, and it works as a stand-alone crown corporation where there would be experts in the telecommunication and transportation sectors. The current model now under the ministry—they really have a knowledge deficit in that ministry and simply can't grasp the services we do.

Minister Bartolucci's response was that he appreciated our suggestions and would give them full attention. We know now, based on March 23, how little attention he's given to our suggestions. He's saying that the Drummond report and the budget, as backdrops, say that they have to unload the ONTC and the services, and too bad for the communities that they serve. Somehow they'll connect with the rest of the world, or maybe everybody will move to Toronto and life will be great.

1530

What we're asking for is, we're calling on—we're recommending to this government that they quash section 28 of Bill 55, which deals with privatization. That would send a strong indicator of the province's desire to continue to support social and economic development in the north—

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

Mr. Brian Stevens: As well, we would also want to quash this pre-budget decision to host an ONTC asset sale and wind down all of the services provided for northerners by northerners.

Really, what we're asking for is a new deal for the ONTC. We've attached/append a lot of the information on what we've been doing. It demonstrates the support that we have from the communities in northeastern Ontario. We hope you pay attention to our submissions and consider them in your deliberations. Thanks.

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

Mr. John Vanthof: Thank you, gentlemen, for coming. I've just got a few questions, for the record. You mentioned the cost for transferring passengers for ONTC and the cost for Metrolinx. Just for the record, is there any passenger rail service in the province that isn't subsidized?

Mr. Brian Stevens: I can tell you from my work with the International Transport Workers' Federation that there's probably not a passenger rail service in the world—in the world—that is not subsidized in one way or another.

Mr. John Vanthof: Okay. My second question: I guess the stated purpose of this is to save money. That's what we're being told. We're divesting, or the government wants to divest, ONTC to save money. You four probably know the ONTC better than anyone else in a lot of rooms. In your opinion, is this going to save the government money?

Mr. Brian Stevens: No. I could speak just briefly—the only way it will save the government money is if they completely abandon the north. So the answer is, true, the government can save all kinds of money, but what they're going to do is sell it and wind it down.

The reason I can say that is I sat on the board at the ONTC when there was the wind-down of Star Transfer—and those assets were gone—and then the wind-down of norOntair. When norOntair wound down, there was a promise that air service would be provided by the private sector through some subsidies. Regrettably, about three or four years later, once the subsidies dried up, so did that service.

From my knowledge of the rail industry, and our combined knowledge of the rail and telecommunication industry in this country, there's simply not a private sector operator that's prepared to come up and run these services for the next 100 years. We ran them for 100 years, and there's not another private sector company that will do this for the next 100 years for free.

Mr. John Vanthof: Okay. Another question: We were told in the House several times that this is a divestiture, not a foreclosure. In your opinions—you've got freight, passenger service, bus, ferry, refurbishment, communications. Some of those will probably be sold, but what will happen to the ones that aren't? I think you've kind of answered our question already. What will happen to the ones that aren't saleable?

Mr. Brian Stevens: Well, if the services aren't sold—I'm not convinced, again, based on our knowledge of the industry out there, that all or some of them will be sold. But I would suspect that the rest of the assets would just be placed out on the corner of Oak and Main in North

Bay, Ontario, and it will be just a driveway sale, and whatever they can get, they'll get. That's all that it will be. The services are gone. Any move on this divestment means the comprehensive integrated services are gone, no doubt about it.

Mr. John Vanthof: The freight that you run now from Georgia Pacific, Resolute, the other companies: How will they get to market—

Mr. Brian Stevens: Do you want to answer that, Shawn?

Mr. John Vanthof: —if the freight line is out of service?

Mr. Shawn O'Donnell: I think you have to remember, when you look at the geography and the distance that we're travelling and the service levels that we provide, which gets their stuff to the marketplace in a time frame that's acceptable to them—we'll be gone. There's no private sector person that could run that kind of service or that level of service the way we're running it, without substantially increasing freight rates, which would then probably drive the stuff to the highway, I would imagine.

Mr. John Vanthof: We were told that the passenger line is closing and that we are going to have an enhanced bus service, for lack of a better word, but we don't know what. I was told by one of my constituents—she has polio and she was born 60 years ago—that her mom took her on the train to Toronto for treatment. Now, that lady was in a doctor's office and there were a couple of young mothers there and they were talking about it. What would happen when the train is cancelled? Sixty years ago we could take people on a passenger train, people who had extra needs. What will happen with no passenger rail service for northeastern Ontario?

Mr. Brian Kelly: That's an excellent question. Most people I talk to are perplexed at this. They don't understand why the government would be allowing people not to access—the government is saying they're doing this for health care and education. The fact of the matter is, people are scared that they're going to have to try to move their children on to buses. Some of them are handicapped, in wheelchairs, and that's a long ride from Timmins to Toronto on a bus. The flexibility that the passenger train provides is paramount. That concern is real. They don't see what's going to happen—

The Chair (Mr. Bob Delaney): And thank you very much for your thoughts and comments, and for your questions. That concludes your deputation today.

ONTARIO ASSOCIATION OF EQUINE PRACTITIONERS

The Chair (Mr. Bob Delaney): Our next presentation will be the Ontario Association of Equine Practitioners.

Good afternoon and welcome this afternoon. You'll have 10 minutes to offer us your presentation, followed by up to five minutes of questioning. This round of questioning will come from the government.

Please begin by stating your name for Hansard and proceeding.

Dr. Robin Reed-Burke: My name is Dr. Robin Reid-Burke.

Dr. Alison Moore: I'm Dr. Alison Moore.

Dr. Robin Reid-Burke: Again, I'm Dr. Robin Reid-Burke. I am here as the president of the Ontario Association of Equine Practitioners. Dr. Moore is the OAEP racing committee chair.

The OAEP, to give you a frame of reference as to who we are, is a professional association representing equine veterinarians in the province of Ontario. We facilitate communication and collegiality among equine veterinarians in the province of Ontario. We support continuing education, provide a link between equine clinical practice, academia, industry, the media, government and the community.

We are here to urge you to revise the proposed changes to Bill 55. The planned March 31, 2013, termination of the slots-at-racetracks program has thrown the Ontario horse racing and breeding industry as well as those involved in equine veterinary medicine into crisis.

I'm going to turn it over now to Dr. Moore.

Dr. Alison Moore: I have been involved as a practitioner in racing since 2000.

The racing industry is the second-largest agricultural sector in the province. While the slots-at-racetracks program has generated over \$1.1 billion a year for the Ontario government, loss of this revenue-sharing will affect the livelihood of the 31,441 full-time racing industry participants and those associated industries, impacting 60,000 people in the province at a time when jobs are critical to the economy.

The termination of the slots-at-racetracks program will affect the health and welfare of all Ontario horses. It will directly negatively impact the profession of equine veterinary medicine, the veterinarians who have dedicated their lives to the care of these tremendous equine athletes, and to the breeding industry that produces them.

The racing industry has a considerable impact on veterinary medicine in Ontario. Racehorse veterinarians have always been on the forefront of equine medicine. The racing industry has been the engine that drives advances in equine diagnostics and therapeutics owing to the significant monetary investments owners have in their horses and the high expectation for veterinary care. Long gone are the days of James Herriot.

Equine veterinary medicine is an expert-driven industry with veterinarians focusing often on only one equine sporting discipline. Even within the racing sector, veterinarians will concentrate their service provisions to one of thoroughbred, quarter horse or standardbred racehorses, underlying the very specific and different nature of disorders affecting the individual breeds. Very few will work on more than one breed and most do not work on non-racing horses. The elimination of the slots-at-racetracks program will force many to retrain in other areas of equine medicine, and some may leave the profession altogether.

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The development of state-of-the-art equipment to improve diagnostics and therapeutics has been driven by

the investment made by all participants in the racing industry and an expectation to provide the highest quality of care to the horse. With the onset of the slots-at-racetracks program in the 1990s, the infusion of money into the industry created an infrastructure that promoted the growth and development of racehorse veterinary practices. Along with equipment investments, veterinarians hired more associates, more technical help and established new clinics. On average, a mobile equine veterinary practitioner has between \$50,000 to \$150,000 worth of specialized equipment in their truck. Most racehorse veterinarians utilize portable digital X-ray equipment, ranging in cost from \$50,000 to \$90,000, and a portable high-resolution ultrasonography unit, costing between \$25,000 and \$40,000.

The licensed equine clinics in Ontario, equipped to provide major surgery, hospitalization and radiology services, have made capital expenditures in excess of \$2.5 million each. With the success of the slots-at-racetracks program, one clinic has even invested in the purchase of a magnetic resonance imaging or MRI unit at the cost of \$700,000.

With the termination of the slots-at-racetracks program, as proposed in Bill 55, veterinarians will be forced to refinance or sell their equipment, lay off personnel and refuse new hires, as is already being done. With the elimination of the slots-at-racetracks program, an estimated 30% reduction in equine veterinarians in Ontario can be expected, which translates to 40 fewer veterinarians. If each veterinarian bills—and this is a maximum—\$400,000 to \$500,000 per year, that is a reduction of \$16 million to \$20 million in taxable billings. Each of those veterinarians has a support staff of one to two people, so another 40 to 80 jobs will be lost, along with \$1.2 million to \$2.4 million in wages.

The racehorse breeding industry has already been severely impacted. The decrease in breeding by 50% already this year has affected the veterinarians who specialize in equine reproduction and derive a significant part of their annual income during this season. Some have already been forced to lay off veterinarians and technical help. The breeding of horses for the racing industry has also furthered reproductive success and treatments, given the financial investment in offspring. Embryo transfer techniques—including frozen embryo implantation—artificial insemination and neonatal intensive care have been developed to enhance the industry. Future improvements in reproductive techniques and technologies are at risk of not being developed if financial drivers are not present.

There has been a considerable amount of research made possible by funds derived from the slots-at-racetracks program. Almost 100% of funding provided to Equine Guelph for research into equine diseases and disorders is derived from the racing industry. This research has produced internationally renowned treatments which have benefited all breeds, not just those in racing.

Our own Ontario Veterinary College is engaging in pioneering research using stem cells to treat cartilage in-

juries in horses. Regenerative medicine, such as platelet-rich plasma therapy, is more commonly part of injury treatment in racehorse practice, mirroring the treatments that take place with our professional human athletes, particularly in the National Football League and major league baseball. In fact, the care of our equine athletes equals or surpasses that of our human counterparts. The availability of rehabilitation modalities such as underwater treadmills, saltwater therapy tanks, laser treatments, massage therapists, chiropractors and acupuncturists have all increased exponentially during the life of the slots-at-racetracks program.

Ontario Veterinary College researchers have also developed a new technique for treating atrial fibrillation in horses, a condition relatively common in racehorses, which has allowed for a treatment option for those horses not involved in racing. With the termination of the slots-at-racetracks program, research like this will be limited, thus restricting the availability of those treatments to racing horses as well as to athletic horses in other capacities, such as those on our gold- and silver-medal-winning Olympic equestrian team. It is not difficult to understand that a financially strong racing sector drives improved welfare for all of the 300,000 horses in Ontario.

Not only is equine research invaluable to all horses, but humans may also benefit from investigation into equine conditions. The North American concept of “one medicine” supports research that compares medical conditions and diseases in humans and animals, looking for similarities in the development of disease, diagnosis and treatment. For example, cardiac conditions in athletes, joint injury and cartilage repair in equine and human patients are areas currently being collaboratively researched at the University of Guelph, McMaster University and the University of Western Ontario. Racehorses may hold the key to solving these serious human health conditions. However, if the slots-at-racetracks program contract is broken, future scientific investigation will be negatively impacted.

Pharmaceutical companies have also invested significant amounts of money developing and licensing medication for use in equine patients. The funds derived from the slots-at-racetracks program have fuelled their ability to provide equine veterinarians with cutting-edge medications. A significant reduction in investment in the development of new equine medications and vaccinations, as well as escalation in the cost of medication to all horse owners, will certainly occur if the slots-at-racetracks program is terminated.

Finally, what will happen to the surplus of racehorses if this contract is broken? Some will be re-homed while many others will be sent for slaughter or euthanized, as is already happening. It is wholly unacceptable. The fate of hundreds to thousands of horses rests with the decisions of this committee to revise the changes proposed in Bill 5 and, in turn, the slots-at-racetracks program.

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

Dr. Alison Moore: Lastly, one more important point should be made: Ontario horse racing is Canadian horse racing; 58% of the Canadian racing product is based in Ontario. This province has developed one of the strongest racing industries in the world. Its global impact was recently highlighted when a study led by researchers in Ireland showed that the speed gene in modern thoroughbred race horses can be traced back to the great E.P. Taylor studs, Nearctic and Northern Dancer. The Canadian stallion Northern Dancer is considered the most influential stallion of modern times. It takes a team of people to produce a racehorse, and the OAEP is extremely proud of our racing industry. It should be encouraged to grow and prosper and not be destroyed. The lives of these exceptional horses and of the people devoted to them should not be destroyed.

The OAEP supports the Standardbred Breeders of Ontario Association recommendation for the government to undertake a thorough economic impact study of the OLG's expanded gaming plans and their effect on the Ontario racing industry. This study should be completed with appropriate industry consultation before any further changes to the slots-at-racetracks program are instituted.

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

Ms. Piruzza.

Mrs. Teresa Piruzza: To Ms. Wong.

Ms. Soo Wong: Thank you very much for coming to committee for the hearings. I want to ask you, in the second-last paragraph on page 1 you mentioned that "The elimination of the slots-at-racetracks program will force many to retrain in other areas..." Can you elaborate a little bit more about this retraining piece?

Dr. Alison Moore: Well, there are a few different scenarios. Some equine practitioners will get out of the equine profession altogether. Now, they can move over to small animal veterinary practice, which would require retraining in that particular area. Even moving from racetrack practice to non-racetrack practice requires a familiarity with the discipline that one is going into. So there is quite a bit of a different knowledge base.

Ms. Soo Wong: How long does retraining take?

Dr. Alison Moore: It depends on the individual. It would probably take over a period of years for them to get comfortable in a new discipline area.

Ms. Soo Wong: And then a follow-up, Mr. Chair, through you to the deputants: I want to hear your comments about the government's new transitional panel—last week's announcement. I want to hear your comments about making your industry more self-sufficient in terms of—

Mr. John O'Toole: It's a delay mechanism.

The Chair (Mr. Bob Delaney): Order. It's not your turn in the rotation.

Ms. Soo Wong: I want to hear your comments about the announcement last week by the minister in terms of working with the industry in terms of transition, to become more self-sufficient for horse racing in Ontario.

Dr. Alison Moore: Well, \$50 million is a bit of a slap in the face. One of the racetracks alone has \$25 million in

purse money, so the \$50 million isn't going to go far at all in terms of any kind of transition. We don't even know what's actually going to be done with that money. They call it transitional. We don't know how much is going to go into "retraining." Many of the people who participate in this industry have barely a high school education. So we're trying to keep them employed within an area that they have an interest in, a knowledge base in.

Ms. Soo Wong: So what is enough? Because you said \$50 million is not enough.

Dr. Alison Moore: Well, one of the things is that we don't know what the \$50 million is going to be used for. As I said, purse money of \$25 million comes out of one track. There are 17 tracks in Ontario, so you can assume that there's going to be a lot of money that's not going to be available to "transition" people—into what? There are too many questions related to this transitional money.

Ms. Soo Wong: Thank you very much.

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

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CITY OF KINGSTON

The Chair (Mr. Bob Delaney): Our next scheduled deputation is—

Interjections.

The Chair (Mr. Bob Delaney): Order, order. John, enough. Enough.

Interjection.

The Chair (Mr. Bob Delaney): Mr. O'Toole, enough.

Our next deputation is the city of Kingston. Please come forward. Good afternoon and welcome. You'll have 10 minutes to make your deputation here today, followed by up to five minutes of questioning. This round of questioning will come from the official opposition. Please state your names for Hansard and then commence.

Ms. Adèle Lafrance: My name is Adèle Lafrance, with the city of Kingston.

Ms. Holly Wilson: My name is Holly Wilson, also with the city of Kingston.

The Chair (Mr. Bob Delaney): Go ahead.

Ms. Adèle Lafrance: Good afternoon, members of the committee. As the director of community and family services for the community of Kingston, I wish to thank you for allowing us, the city of Kingston, an opportunity to present our perspective on this very important budget bill, Bill 55.

Kingston is situated between Ottawa and Toronto and is home to roughly 125,000 people, according to the last census. More than 12,500, or 10%, of our residents are people currently associated with either Ontario Works or the Ontario Disability Support Program, and so are in receipt of some form of benefit assistance.

But first, let me start by expressing our appreciation and recognition of the province's commitment to continuing the current upload schedule of social assistance

benefits. The impact is huge. This upload will help us continue to serve the individuals in our community who are the most in need, and it will go a long way to help us in developing and executing our local affordable housing strategy, something that our municipal council has set as one of its key priorities.

My portfolio includes child care, and I would also like to thank you and applaud the government's commitment to additional funding for child care through the dedication of the additional funds for the next three-year period.

The matter in the 2012 provincial budget that we are here to address is the province's announced changes to both the discretionary benefit under OW and the community start-up and maintenance benefit under both OW and ODSP. These changes represent a significant reduction in the provincial contribution to both the OW and the ODSP programs and affect how we will deliver services to our clients in Kingston and the county of Frontenac, for which the city of Kingston is the service manager.

People receiving funds through the discretionary benefits will be impacted starting as early as July of this year. The community start-up and maintenance benefit is scheduled to be eliminated in January 2013, with a reduced provincial allocation provided through the consolidated homelessness funding program, starting in January 2013, but with not a lot of details on what the program goals or outcomes will be.

Both the discretionary benefits and the community start-up and maintenance benefit provide important supports to vulnerable individuals, often through prevention of more costly homelessness or irreversible health deterioration. Both benefits are important components to supporting reintegration of Ontario Works clients into the workforce, as residential stability and health maintenance are essential in securing and maintaining regular employment.

The proposed reductions of the provincial contribution to these two valuable benefits will have a significant impact in our local community. In order to maintain the status quo discretionary benefit schedule for our social assistance recipients, an unbudgeted municipal contribution of \$206,000 would be required for the balance of 2012 alone. In 2013, the maintenance of the current benefit investment level would cost the city an additional \$1.1 million, which is close to the full value of the annual savings from the ODSP cost-share upload that we will have realized to that point in time.

The reduction in both of these programs will impact social assistance recipients trying to secure a stable place to live, as well as their ability to focus on re-entering the workforce. Increased shelter usage as more people experience eviction and higher rates of homelessness will increase the need for and the cost of homelessness programs and supports. While emergency shelter costs are currently shared with the province, we are further concerned that with the provincial consolidation of homelessness funding under way, the anticipated service growth that will be required in response to these benefit reductions will be at the sole expense of the city.

This reduction will have impacts beyond social programs and will extend into the provincially funded health, criminal justice and education sectors. We are concerned that when funding is no longer available to cover the costs of recommended activities, fees, tools and reference materials for participants who are engaged in programs such as substance abuse, mental health services, domestic abuse survival and anger management, the engagement rates of those participants will drop off.

The reduction in discretionary benefits may also negate some of the gains being realized through the province's full-day kindergarten, which we wholeheartedly applaud, as reduced access to goods and services essential to children's well-being during the earliest years may limit their optimal preschool development and their readiness to learn before they hit full-day kindergarten.

The gap in benefit funding will also impact our most employable social assistance recipients, as it will prevent relocation to be closer to employers, to educational institutions, to public transit services and to available child care. The net result may be lower rates of employment among social assistance recipients and reduced rates of exit from social assistance due to employment.

These outcomes will impact our province on many levels: first, on our recipients, who are not able to access the supports to stabilize their lives and securely attach to the workforce; secondly, on many communities in Ontario, like Kingston, which will not realize the full social and economic contribution of these residents; and, finally, on the province, which will continue to struggle with increasing human service costs and a shortfall of able, employable and contributing people. These proposed reductions will shift funding requirements from preventive measures to reactive measures in addressing poverty issues.

Historically, reactive measures are more expensive as they have impacts on other service areas that are required to address issues. These service reductions and community impacts are not in line with the provincial Breaking the Cycle strategy. Unfortunately, on the matter of these benefit reformulations there has been a lack of communication and consultation with municipalities across the province. As the front line of service delivery, we could help advise the province on how changes could be made to policy and funding without creating social issues in other service areas.

The city of Kingston is strongly encouraging the province and this committee to reinstate the pre-budget funding formula of both the discretionary benefits and the community start-up and maintenance benefit. We also recommend to the province the establishment of an advisory committee composed of municipal representatives to advise specifically on possible changes to these benefits, with a dual goal: identifying some cost-saving opportunities and continuing to provide more local administration flexibility.

I thank you once again for allowing me the opportunity to attend today and to present on behalf of the city of Kingston.

The Chair (Mr. Bob Delaney): Thank you. Mr. O'Toole.

Mr. John O'Toole: Yes, thank you very much for your very empathetic presentation. From what I've heard, the way the budget is struck, these are not their priorities, what you've just described, all of those things. What I understand is that the budget is a very large, omnibus document. I think it's 300 and some pages, and it's large and complex. There's lots of stuff in section 28 that hollows out some things.

A couple of things I want to sort of say: You said there's 12,500 people in your jurisdictional area. The savings, as I understand it—they want to save \$130 million under this program, and I'm going to ask you a question here about that.

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You know, what they're doing is—you see, you praised them for the upload, and that's good, but they're actually downloading. This whole discussion on the budget is about jobs and the economy, and if there's no economy—we're shedding jobs faster than they're gaining them. These are real numbers. That puts more people on your payroll, your portion of that, and that's going to take all the money of the upload value away from you. Do you know that? The upload is going to be spent because of the download, if there's no economic jobs strategy in this budget. That's why we don't support it.

Of the \$130 million that they want to save, how much do you anticipate that they are going to claw back from you? Do you have a specific number? You said there's some number that they're taking out of your coffers—not putting in; taking away. There's nothing in this for you.

Ms. Adèle Lafrance: We estimate that for community start-up, the funds that we're losing—and if we were to replace at 100%—for the city of Kingston would be \$1.1 million, and for the discretionary benefits, that number is a little bit harder to calculate but probably fairly in excess of \$500,000 a year.

Mr. John O'Toole: It's \$2 million they're going to claw back from Kingston. That's just the start. In my view, the whole program—that's another thing you talked about. You praised them for the full-day learning, which was a payoff to the teachers, because they took them away from your early learning programs.

The daycare component: Most of the operators in my area, whether it's the YMCA—they're complaining that all the easy-to-serve students have been harvested into the full-day learning, so the only ones they have left are the hard-to-serve—they're still in diapers—and that has made it very difficult under the Day Nurseries Act, which has a lower ratio of 8 to 1, I think it is. This is added cost to you, because now all you have left—it's hollowed out. All the four- and five-year-olds will be in school; you only get the little babies, basically. Do you think they're actually helping you? In my area, they complained, but no one listened, because who wouldn't want the more expensive, luxurious delivery model of full-day learning?

We've been arguing, provide suitable and adequate daycare. The full-day learning being implemented is

\$3 billion, fully implemented—\$3 billion, fully implemented—and we're already broke, which is going to mean more money for you and more people unemployed.

What advice would you leave with the three Liberal members who are here, of changes you'd like to see amended in this budget. Quit clawing back?

Ms. Adèle Lafrance: From my portfolio—my view is limited, so I mostly can speak only from the social services sector, and I do appreciate the budget is much larger than that. But I think we do like that the upload is continuing, and we are happy to see the commitment for three years of funding for child care. If we could make a change, we don't disagree that there's a need to make changes to some of the benefit schedules and move some of the benefits that are currently regulated to being service-manager-directed. But we probably would have liked to see that happen over a five-year period and with more notice, because you've caught us now after our municipal budget is approved, and that one really stings. It makes our council shake their heads and have to go back to the drawing board. It makes us step backwards and have to rethink things and prioritize.

Mr. John O'Toole: Thank you very much for your presentation. I heard the two things you want is—

The Chair (Mr. Bob Delaney): Thank you. Thank you as well.

Mr. John O'Toole: —and the discretionary funding. Thank you very much.

The Chair (Mr. Bob Delaney): That concludes your presentation.

CHRISTIAN FARMERS FEDERATION OF ONTARIO

The Chair (Mr. Bob Delaney): Our next presentation—I believe our next presenter is not here yet. However, the Christian Farmers Federation of Ontario is, so please come forward. Good afternoon and welcome.

Mr. Lorne Small: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks here today, followed by up to five minutes of questioning. The question rotation this time will come from the NDP. Please introduce yourself for Hansard and continue.

Mr. Lorne Small: You rather surprised me by being so much earlier, so let me catch my breath for a moment—

The Chair (Mr. Bob Delaney): This is government. We run on time or earlier here.

Mr. Peter Shurman: Speak for yourself

Interjections.

Mr. Lorne Small: Thank you very much for allowing me some opportunity to address you today.

I'm president of the Christian Farmers Federation of Ontario. Our organization supports the general direction of the budget. The realization that change is necessary and that there is a plan to take the province in a new direction is welcomed by our membership. Naturally, some of our members think that adjustments should

move faster, while others think slower change would protect the fragile economy. No one believes that the status quo is acceptable. The focus on productivity and global competitiveness is very welcome.

I'd like to give you a brief outline of my background and the organization that I represent. I've had a chance to read the budget cover to cover. I've had a chance to read the Drummond report cover to cover. I found it rather interesting reading, but I have a master's degree in economics, so some of us have a little different mindset. Economists are entertained by different things than most people are. That's one knock against me. My friends say I have a couple of other knocks against me.

I spent 15 years in the Ontario civil service and was based here in Toronto. I lived in what we call the Beach in Toronto. I notice that the Ontario government tends to put "es" on the end of it, but to us it was the Beach. I have a Toronto background. When I'm on the subway, I feel like I'm home again, although I returned to the family farm 20 years ago. It's a farm that has been in the family business since 1848, so I'm about the sixth or seventh or 25th generation.

The organization I belong to is rather unique in farming circles. It was founded basically by immigrant farmers who came here in the postwar period—the bulk of them came from the little country of Holland—and brought with them a willingness to work, not much money, but a driving ambition to build a business in agriculture. Those people and their children have built farm businesses, they have prospered and they have employed a number of other people. They're part of the very entrepreneurial class in the farming community.

During the budget consultation process, we urged the Ontario government to get their house in order. Many of our farm families have relatives in Europe. They watch the situation that is unfolding there, and it causes them great concern. They see the Ontario government debt and deficit levels, which are clearly unsustainable. They believe that strong action is needed to steer the Ontario economy in a new direction towards fiscal responsibility. They believe there should be no sacred cows. There are opportunities to improve productivity and lower costs in all ministries. As farm families and citizens of Ontario, we're prepared, as farmers, to shoulder our fair share of the burden.

Over a decade ago, the governments of Canada and Ontario faced some tough choices. Some of the European countries took the easy road then. Fortunately, the Canadian governments of the day took tough action. Their actions have led to prosperous times for Canadians and spared us the extreme downturns experienced in America and in many European countries. We're indebted to two people, Paul Martin, federal finance minister, and Ernie Eves, the provincial finance minister, for the healthy economy and lower interest rates we have experienced this last decade.

I had a chance to meet with the Honourable Dwight Duncan several weeks ago, and I made that point to him, and Mr. Duncan said I was half right. I'll leave it up to

your own imagination as to which half he thought was right. He didn't elaborate as to which half he thought was correct.

Agriculture is a capital-intensive industry. It's very reliant on credit. We believe that there is a strong link between the interest rate paid by the province and the rates paid by farmers.

The province is on notice by rating agencies to reduce the deficit and debt if a low interest rate is continued. According to the budget, a 1% increase in interest rates increases the government costs by \$467 million. So it's in the best interests of the Ontario government, it's in the best interests of many homes that are heavily mortgaged and it's certainly in the best interests of farmers that we continue to have competitive interest rates. Low interest rates are both good farm policy and good social policy.

The Ontario Risk Management Program came under a spotlight in the Drummond report and again in the Ontario budget. The commitment limit of up to \$100 million in support is reasonable, given the fiscal situation of the province. The budget indicates that the program could be improved by encouraging improved farmer productivity. I agree. If the Ontario government can encourage improved productivity through its programs, let's get on with it. When farmers can get more money from the marketplace, the farmers win and the public also wins.

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The budget indicates a commitment to use the evidence-based approach to providing more effective and efficient services. We ask that this approach also be applied to the regulatory framework. Our membership is asking the Ontario leadership to work smarter to accomplish the same goals. Be innovative, adopt new thinking and use new technology. The farm families of Ontario are feeling pressure by the ever-increasing burden of new rules and regulations. Often the changes are not a new regulation but simply the change of interpretation by an enforcement official. No one, including us, wants an unregulated world; however, a little common sense would go a long way.

The Christian Farmers Federation of Ontario has long advocated that regulations should be results-based, not prescription-based. If the desired result is clean water, then measure the resulting water. There may very well be several different ways of providing the desired end result: clean water. Frequently, however, the prescription method dictates that only one way is possible, which is frequently also the most expensive way. Use the creativity of farmers and Ontario citizens to find solutions. Often the ideas are more effective, less costly and get the job done. The budget language seems to indicate that the provincial government agrees with us.

In the budget, there are a number of changes suggested for the Ministry of Natural Resources—which, of course, is not the agriculture ministry. However, because farmers own the vast area of farmland across the province, those changes would be welcomed. It should make it easier, more efficient and more effective for farmers to work with the Ministry of Natural Resources. We would like to

be part of the solution in protecting this wonderful province that we live in.

Many of our members came here from other parts of the world. My wife came here from South Africa. Her parents, when the apartheid laws were introduced, picked up their family and left South Africa because they knew that there was no future in South Africa for a mixed-race family. So they came here and were welcomed in Toronto and have prospered and contributed to society here.

Many of our membership come from other countries as well. One of our members I was talking to the other day grew up in the suburbs of Cairo. Another one of our members who I was talking to not long ago grew up in Lithuania. That's the new Ontario. In many ways, that's what we're seeing in farm communities as well. We are part of a new way of looking at issues, a new way of dealing with issues, and we want to protect the province. People come here looking at Ontario as the promised land. Let us keep that promise.

Thank you. It's a great pleasure to talk to you today.

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

Ms. Cindy Forster: Thank you for your presentation today. I met, maybe a month or so ago, with the Environmental Commissioner. He kind of took us through seven or eight areas of environmental law with respect to agriculture where he felt that the law was being interpreted or applied in ways that were very inflexible to farmers or others. Can you comment on some of those with respect to the group you represent?

Mr. Lorne Small: In the farm community there's a preference to be covered, rather than under the environment ministry laws and regulations, under the Nutrient Management Act, which covers most farm activities.

The industries that—I have a good friend of mine who's a large potato grower. His son has a PhD in environmental science. They built a system for treating the wash water. They wash potatoes before they go to the potato chip factory. He built a system, basically a system of ponds, to keep the earth off the potatoes, keep them on the farm rather than shipping them out, and to capture any other runoff there was. So they have a series of ponds ending in a cattail pond, which are the tall water weeds. The Ministry of the Environment said, "Thou must truck all of that water off the farm to an industrial treatment plant," because, apparently, when you mix water with soil, it becomes a contaminant. I said, "Every time I water my lawn, I guess I'm—" So that's the kind of issue. He's saying, "I get clean water at the end of the day," but the Minister of the Environment is saying, "Thou must do this, this and this."

The greenhouse industry, particularly the one in the Windsor-Essex county area, is having a lot of discussion—I'll put it that way, to put it mildly—with the Minister of the Environment. They will readily admit there are a few actors in their business that are bad actors and creating problems, but they argue that one of the issues is rainfall, which hits outside the greenhouse and

then blows down into the river. Their argument, what they tell me, is that when water hits glass, it becomes a contaminant. I'm saying that somehow I don't follow the logic here.

They're working closely with the Ministry of Agriculture and Food and the Minister of the Environment, looking at ways of, "There are a few bad actors. Let's get them out of the business." But let's do the rest of the procedures; don't let rules for those few affect the productivity of a whole lot of other people. No one who I've talked to there wants anything but the best, cleanest water at the end of the day. That's not the intent. They do not want exceptions from a healthy environment. Let's protect the lakes. But they have several different systems to contain water and other things. We're battling that one hard and fast.

Ms. Cindy Forster: So having to truck that water out is an added expense, of course, to the farm.

Mr. Lorne Small: Well, does it make any sense?

Ms. Cindy Forster: No, I thought that actually when you mixed water and soil, it became mud, as opposed to a contaminant, right?

Mr. Lorne Small: But I didn't realize—I was telling the Minister of Agriculture, "I didn't realize by going out to the garden with a bucket of water and washing my potatoes, I was then creating a contaminant," and then I had to hire a contractor to truck that pail of water to the sewage treatment plant.

I think common sense will prevail, and I see references in the budget continuously that results-based is the way to go. If your objective is clean water, then measure the water. If it's not right, back it up and find out where the problem is. Don't insist that you have to use stainless steel everywhere.

Ms. Cindy Forster: Thank you very much.

The Chair (Mr. Bob Delaney): And thank you for your deputation today.

Mr. Lorne Small: Thank you.

CANADIAN PROPANE ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Canadian Propane Association. Please come forward. Good afternoon and thanks for joining us.

Mr. Jim Facette: Good afternoon and thank you for having us.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning will come from the government side. Just begin by introducing yourself for Hansard and continue.

Mr. Jim Facette: Thank you. My name is Jim Facette and I am the president and CEO of the Canadian Propane Association. We're based out of Ottawa. We have offices in Calgary, staff here in Toronto and Winnipeg. The propane industry in Canada is a \$10-billion industry, and the Canadian Propane Association itself is a new industry association, so we do appreciate the opportunity to be

here to discuss this very important topic of the future of the economy here in the province of Ontario.

Thank you very much for the opportunity to be here today to speak about the Strong Action for Ontario Act. I am pleased to inform the committee that this year the propane industry celebrates its centennial anniversary—100 years old. We hope that at the end of our presentation, you will agree that propane is a green energy solution and a partner in any sustainable economic strategy.

Our specific ask today is the following:

—that propane be included in programs that promote economic action and environmental stewardship;

—that this committee recommend that Ontario be an active partner in the development of a Canadian energy strategy; and

—that the provincial government here in Ontario lead by example, by converting Ontario public service fleets to propane.

1620

With a \$10-billion impact on the Canadian economy each year, Canada's propane industry supports the livelihood of over 20,000 Canadians while contributing over \$900 million annually in taxes and royalties. The total economic value of the propane industry here in Ontario, which includes direct impacts plus spinoff effects on the economy, is over \$1.5 billion annually. Annual government tax revenue from the propane industry in Ontario is estimated at \$45 million, with over 1,500 people directly employed in this province.

Nearly 100% of the propane consumed in Canada is produced domestically. In Canada, approximately 83% of propane is produced from natural gas processing and the remaining 17% from crude oil refining. Propane supplies are expected to increase due to the focus of exploration and production activities on natural gas liquids, being propane, butane, ethane and condensate.

Propane is commercially viable and relevant to Canada. The propane industry has a role to play in the clean energy mix and is committed to maximizing its value to Canadians over the long term. We have a well-developed infrastructure with tremendous capacity to produce an abundant supply with high portability across Canada and into the United States.

Our first ask: that propane be included in programs that promote economic action and environmental stewardship.

As a \$1.5-billion industry in Ontario, the propane industry provides a cost-effective and clean energy solution. There are countless ways to use clean-burning propane. In the home, propane can fuel appliances from furnaces, space heaters, water heaters and fireplaces to refrigerators and dryers. In outdoor appliances, propane powers barbecues, pool heaters, generators and portable heaters. It is used on farms to control pests and weeds without chemicals, dry crops, heat greenhouses and livestock facilities, and power irrigation systems. In industrial applications, it is used for forklifts, construction heaters, drying bricks, and metal heating and pro-

cessing. It is even used by the petrochemical industry as a feedstock to make plastic products. It is among the cleanest and most economical alternatives for light-duty fleets and is ideal for police cars, taxis and buses. I'm sure that each of you has seen the most visible indoor vehicle that runs on propane: the ice resurfacing machine, otherwise known as the Zamboni.

Many proposals for fighting climate change and reducing the environmental impact of energy use will have to wait for new technologies and infrastructure to be perfected. However, propane produced right here in Canada can make a major and immediate contribution using today's technologies. By supporting the use of propane, the Ontario government will be helping to boost economic activity, create jobs and increase tax revenue in an environmentally responsible way.

Our second ask of this committee: that this committee recommend that Ontario be an active partner in the development of a Canadian energy strategy.

The subject of a Canadian energy strategy is important at both the federal and provincial levels. Many premiers have voiced their support of an energy strategy. It is important for the province of Ontario to be actively involved in the creation of a Canadian energy strategy. Although a national strategy has not been fully developed, Ontario can still be a partner in developing a financially responsible strategy that includes clean-burning propane, which is cost-competitive in both infrastructure and the fuel itself.

Our final ask of this committee: that the provincial government lead by example by converting more of their fleet vehicles to propane.

As some of you may recall, many vehicles were converted from gasoline to propane in the 1980s and the 1990s. The technology has greatly advanced since then. More than 17 million vehicles around the world run on propane. Figures are lower for Canada, but we're starting to see a renewed interest in propane-powered vehicles because of their environmental and economic benefits. Many operators of vehicle fleets, including the provincial government, are looking for opportunities to reduce both their expenses and greenhouse gas emissions, and we believe that Canada's propane industry can make a significant contribution in this regard.

Propane is a very cost-effective option for fleets. On average over the last 10 years, it has remained almost 40% cheaper than both diesel and gasoline. Last week, when gasoline was almost \$1.30 a litre, propane at the pumps available in Ontario was as low as 57¢ a litre. Those fuel costs can be even lower for fleet operators.

Compared with traditional energy sources, propane produces fewer greenhouse gases and air toxins in almost all areas of application. The greenhouse gas emissions produced by propane-powered fleets are up to 26% lower than those produced by gas-burning fleets, or one less kilogram of greenhouse gases per 36 kilometres driven. Propane-powered fleets also produce about 50% fewer toxins and other smog-causing emissions than gas-powered fleets.

United Parcel Service is one private sector company that has turned to propane for its large vehicle fleet. UPS currently has more than 600 propane-powered vehicles in Canada, some of which are right here on the road in the province of Ontario.

Five other organizations have embraced the economic and environmental advantages of propane, including Transhelp in the Peel region, the London police force, Airways Transit, the city of Prince George in British Columbia, as well as Canada Post.

Environmental considerations were the main reason why Peel region's Transhelp chose propane. It must let its vehicles idle in areas where emissions can pose problems, such as hospital loading zones, in order to maintain a certain temperature inside the vehicle for passengers with special needs.

Nearly all the 60 patrol cars in the London police force's fleet operate on propane. Over the years, the force has saved millions of dollars and maintained a high level of service.

Airways Transit, the largest provider of on-demand, shared-ride airport ground transportation in Canada, operates a fleet that is 100% fuelled by propane. Compared to the use of gasoline-fuelled fleet vehicles, the use of propane has resulted in the reduction of 588 tonnes of greenhouse gas emissions per year.

Just recently, the city of Prince George in British Columbia unanimously approved the city's green fleet strategy, which includes a pilot project to convert five city vehicles to propane as part of their 2012 action plan. The project will be examined with a possibility of expanding it into 2013. The fuel budget for the city is 20% of the overall city budget and they have found that propane is an excellent choice to reduce those costs. Due to the low cost of propane on average, they're expecting a one year payback on conversions.

Finally, Canada Post currently has approximately 100 medium-duty parcel delivery propane vehicles, and an additional 340 vehicles will be converted this year. They also have 10 mail delivery light vans and 20 patrol cars used by postal inspectors operating on propane today. We believe there exists tremendous opportunities for many fleets to adopt the use of propane, which would not only help combat climate change, but also reduce operating costs.

In conclusion, as I said in our presentation, propane is readily available; it's Canadian, it's accessible and cost-effective. We produce far more propane than we use in this country, and we know that supply, going forward, will be there. The price is expected to follow suit in terms of reduction. We also say that propane is affordable. We have real examples here today that we've given you—UPS, Airways Transit and others—that have used propane to reduce their costs going forward.

The Chair (Mr. Bob Delaney): You have just a little over a minute.

Mr. Jim Facette: That is why, Mr. Chairman, today we are bringing the message on the benefits of propane and what it can contribute to the overall objectives of this

government going forward for the province of Ontario. On that note, Mr. Chair, I will end and take your questions.

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

Mr. Yasir Naqvi: Thank you very much, Jim, for coming forward. I was hoping, if it's possible, to get a copy of your presentation, because you've made some recommendations and it would be good to have that in writing. Thank you for coming from Ottawa, my hometown. We look forward to looking at your recommendations in even more depth.

Mr. Jim Facette: No problem. I'm happy to bring them. I apologize for not having them. Getting a phone call on Friday at 3 o'clock to be here at 4:30 on Monday is challenging, but I'm happy to give you the written comments. No problem at all.

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

Mr. Jim Facette: No problem. Thank you.

The Chair (Mr. Bob Delaney): I gather the arrival of our final deputation is imminent, so while this committee will stand in temporary recess, I'd like to ask members to just stay close by.

The committee recessed from 1630 to 1644.

ONTARIO COUNCIL OF HOSPITAL UNIONS

The Chair (Mr. Bob Delaney): Let's come back to order. We are here to complete today's consideration of Bill 55, An Act to implement Budget measures. Our final deputation of the afternoon will be from the Ontario Council of Hospital Unions. I understand we have more than one deputant. Please come forward. Thanks for coming a little bit early. Make yourselves comfortable and just begin by introducing yourself for Hansard. You'll have 10 minutes for your presentation, followed by up to five minutes of questioning. This round of questioning will come from the official opposition.

The floor is yours, with your first words being your introductions for Hansard.

Mr. Michael Hurley: Thank you very much. My name is Michael Hurley and I'm the president of the Ontario Council of Hospital Unions of CUPE. With me is Steven Barrett, who is a lawyer with Sack Goldblatt Mitchell in Toronto and who has extensive experience in bargaining, arbitration and labour legislation, labour law.

We're going to focus our remarks on three areas: social assistance, hospital funding and the proposed changes to the interest arbitration regime.

We really appreciate the opportunity to present to you and we're sorry that we couldn't be here earlier so that this could be concluded for everybody.

On social assistance, it was welcome news that social assistance rates were being proposed to be increased 1% in the Ontario budget, welcome because of the 880,000 people on social assistance in Ontario. As you know, approximately half are people on disability, and of the

remainder about 388,000 are primarily single women heading up families and children.

I think it's important to note that social assistance rates are significantly below the poverty line and have never recovered from the dramatic cuts which occurred under the Mike Harris government, the Progressive Conservative government. They are 55% below, or \$330 per person below, the Conservative government cut in 1995, so people are receiving an allowance for social assistance which is hopelessly inadequate to meet their food and other needs. This is shameful.

The fact that there was a 1% increase was welcome, but the government had promised that they would deal with the poverty problem in Ontario, and we have seen no meaningful evidence of that. We're also expecting some activism on this subject from other parties who have a history of commitment, but on this particular issue we're seeing people on social assistance abandoned by the Legislature, and it's not right. There has to be a significant correction in this budget well beyond the 1% which is being proposed.

With respect to hospital funding in the budget, our understanding of the hospital funding proposal is that the great majority of hospitals in Ontario will effectively have their budgets frozen in this coming fiscal year and into the future. There will be some hospitals that will receive funding increases that recognize population growth and an aging population, but there are also going to be some 40 hospitals which are going to see a funding reduction. We've got about 150 hospitals with zeroes. We've got about 40 hospitals with negative growth—cuts—and we've got some hospitals which are simply going to see sufficient income to match population growth and aging. As a result, there are going to be significant cuts in the hospital sector.

Hospital spending has been increasing in Ontario, according to the Auditor General, by between 6% and 7%, so 2% is going to mean very significant cuts. In particular, we should be alert for the danger that now exists in the rural communities. In particular, the NDP and the Conservatives are the parties representing rural Ontario. I can tell you that in communities like St. Marys and Clinton and Hanover, if they're an example of what's happening, all of their acute beds are being sucked into Stratford, which is the larger municipality, and those communities are going to see the elimination of their facilities. That's going to happen in small communities across Ontario. That's what's going to happen as a result of these funding cuts.

It's important to note that we spend \$330 less per person than any other province does on hospital care. I think it's important to note that we have the fewest number of beds of any country with a developed economy in the Western world. We're on a par with Haiti in terms of beds to population, and we have the fewest staff for those beds as well. We have the shortest lengths of stay. We have a hugely efficient hospital system, and the plan in this budget is to underfund it. It's going to result in deep cuts, and those cuts are going to result in the closure of services and the privatization of those services. We're

really urging all the parties to take a strong look at the level of funding that is being proposed in the coming budget.

Mr. Barrett is going to deal with interest arbitration.

1650

Mr. Steven Barrett: I want to focus my remarks especially on the changes—they're proposed for every interest arbitration regime in Ontario, but schedule 30 deals with the changes to the Hospital Labour Disputes Arbitration Act.

It's not often that you hear OCHU or CUPE agreeing with Don Drummond, but let me say that we agree with Mr. Drummond—although we don't agree with everything in his report—that in labour relations there's a fundamental principle that practitioners on both sides of the divide agree to: The best deal is a negotiated deal, and you ought to leave it to the parties themselves to design the process that they think makes sense for them.

Equally important, Mr. Drummond said, and we agree, that arbitrators have to be seen to be independent and free from any third party control, because otherwise the integrity of a system that takes away the right to strike is compromised, and if employees lose confidence in the arbitration system, there are going to be problems for all of us. So, begin with that.

Secondly, by way of context, whatever may be the case in other sectors—and we're not going to comment on those—in the hospital sector covered by HLDAA the problems that the legislation is aimed at dealing with—delay and the reasons given by arbitrators—simply haven't been a problem. There haven't been complaints that arbitrators haven't given reasons in the hospital sector. In fact, in the hospital sector most deals are voluntarily negotiated, certainly with the central agreements that CUPE is involved in. So there's no real issue in the hospital sector.

What's being proposed, as this committee knows, is to require arbitrators to give proper reasons, indicating that they are demonstrating that they have considered the criteria. There's nothing wrong with arbitrators being required to give reasons, but when you add the word "proper," it suggests that someone else should decide whether those reasons are proper, and that other entity is the courts. I think all parties agree that the last thing we want to do with labour relations is involve and invite the courts into it. Delay: they don't have real expertise, institutionally or individually. CUPE has no difficulty with arbitrators being required to give reasons, but to impose that the reasons be "proper" suggests a role for the courts that we think makes no sense.

Secondly, the bill proposes to impose a 12-month time limit on the ability of arbitration boards to get their decisions out. As I say, delay hasn't been a problem in the hospital sector. I don't know if we've filed this. If we're permitted to do so, we have—

Mr. Michael Hurley: Something for them to look forward to.

Mr. Steven Barrett: —something for you to look forward to, just an overview of our position on the arbitration changes.

I want to just focus on one issue that's very important in the hospital sector, which is that governments of all stripes are encouraging centralized bargaining. In the hospital sector, we have a highly developed, mature, centralized bargaining structure—

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

Mr. Steven Barrett: I can easily cover this in a minute, thank you.

The way that structure works is, central issues are dealt with first, through the arbitration mechanism if the parties can't agree, and then there's local issues arbitration. That means all of the—how many locals, Mr. Hurley?

Mr. Michael Hurley: There are 65.

Mr. Steven Barrett: Sixty-five locals. So there are hearings across the province; they're consolidated geographically. But the prospect of getting that process done within 12 months is completely unrealistic.

If there's a 12-month time limit imposed through this legislation on the hospital sector, it will undermine the capacity of the parties to continue their very highly successful centralized bargaining structure—

Mr. Michael Hurley: Forcing much more spending on labour relations lawyers etc. to conclude 65 independent—

Mr. Steven Barrett: The labour relations lawyer problem wouldn't be that horrible, but leaving that aside, it will undermine a system that has worked successfully. So whatever this committee does, it ought to give special attention to ensuring that amendments are made to permit the central local process in the hospital and other sectors to operate.

The Chair (Mr. Bob Delaney): Well, time is always important to a lawyer, and you're out of it.

Mr. Shurman.

Mr. Peter Shurman: Thank you, gentlemen, for your presentation, which I find interesting. You've had the benefit of being in the room for 10 or 15 minutes. I've had the benefit of being in the room for the past four days of hearings, and I've heard a number of groups, not least—you mentioned CUPE. Fred Hahn was in here. We've had some interesting conversations between all the parties and people sitting where you are.

You began, Mr. Hurley, in the early part of your presentation, by talking about 1995 cuts by Mr. Harris. I'm kind of tired of hearing that. That's 17 years out of date. Why don't you talk to these people about the cuts that they have imposed on you in this budget, that you spent the rest of your time talking about? Why don't you go on the front lawn and do what you did in 1995? That's a legitimate question. I'd like an answer.

Mr. Michael Hurley: Well, I mean, in fairness, we were on the lawn with a MASH tent under the Bob Rae government, we certainly were very active under the Harris government, and we've been no slouches drawing attention to any cutbacks or privatization initiatives in the hospital sector by the Liberal government.

I think the Harris government cuts are a matter of historical record, and I'm not referencing them to inflame

you or anything, but I do think they exist as an important benchmark, and important also because the Liberal government indicated, when they were running for office, that they would be distinct from—that they would have a different policy than the Harris government. We're not seeing that play out in the areas of poverty, and we're not seeing it play out in the proposals for this coming year around the hospital sector. In fact, in terms of the level of hospital funding, we're going to see cuts that we have to go back to the Harris era to mirror.

In terms of the pretence that, in fact, there's a significant investment in home care, that also takes us back to the previous Conservative government. In fact, there's only a tiny investment in community care, which will in no way meet the huge demand that's going to result from the cuts that are going to have to happen in the acute care sector to accommodate what is about a billion-dollar cut a year in hospital funding.

Mr. Peter Shurman: No, I'm not going to get into an inflammatory conversation either. I appreciate where you're coming from, what your perception is. However, without being a defender of Mr. Harris or an apologist for the Liberals, the fact of the matter is that times dictate what you're going to do. The Liberals obviously have developed Bill 55, this budget, and structured it to reflect what they believe the times are about.

With reference to the second aspect you raised, which was hospital funding, where do you think it's going to come from? How should the government of the day raise the funds to do what you're advocating they do, which is increase funding for hospitals?

Mr. Michael Hurley: I could talk to you about the inequities of the current taxation system and the wealth transfer that's occurred as a result of tax changes that have moved large amounts of the tax burden from the wealthiest Ontarians. So that's certainly one area which warrants a good look. The wealthy and corporate Ontario have seen a dramatic reduction in their contribution to our collective spending. But in addition, Ontario, according to the Canadian association of actuaries, could save about \$2.2 billion a year in health care spending if it was to invest proactively in dealing with health-care-acquired infections and medical errors, which are adding enormous costs to the health care system—

Interjection.

Mr. Peter Shurman: Go ahead.

Mr. Michael Hurley: Sorry.

Mr. Peter Shurman: I'm just trying to get a time from him; you continue.

The Chair (Mr. Bob Delaney): You're good. You've got about a minute and change.

Mr. Michael Hurley: Certainly we've been advocating for some time that some proactive spending in those areas could yield dramatic savings; for example, around hospital-acquired infections. Each case of MRSA requires an additional 17 days' stay in hospital, often in intensive care or critical care units, at a cost of \$1,500 a day. There are thousands of—

Mr. Peter Shurman: Let me cut you off there—that’s a good example—only because I’ve got only one minute more, and I want to get Mr. Barrett on the record.

Mr. Michael Hurley: Okay.

Mr. Peter Shurman: You mentioned, in discussing arbitration, that it should be left to the parties. Am I quoting you correctly?

Mr. Steven Barrett: You are: to design their own process, to try as best they can to—

Mr. Peter Shurman: That’s fine. Let me ask you this question, then. If there were a necessity to consider on the part of both parties, and notably the arbitrator, ability to pay of the employer as well as economic conditions existent at the time, would that be okay with you?

Mr. Steven Barrett: I think there already is in the legislation. All of them have an obligation to consider ability to pay and to consider economic conditions. So that’s in the legislation—

Mr. Peter Shurman: Funny, I don’t see any sign of that coming out of arbitration.

Mr. Steven Barrett: Well, arbitrators do take it into account, and that’s a requirement under the legislation. As I said, the difficulty here is not the criteria; they have existed for some time. The difficulty is requiring arbitrators to give “proper” reasons to demonstrate they’ve considered them. That simply will be an invitation to the courts to intervene in labour disputes, to delay them at

added expense, taking away the process from the parties. I don’t think employers or unions are coming in here saying the courts should have a greater involvement. I don’t know where that policy comes from, but it’s certainly not from the parties.

The Chair (Mr. Bob Delaney): That concludes our time for today.

Mr. Peter Shurman: Thank you, gentlemen.

The Chair (Mr. Bob Delaney): Thank you very much to both of you, especially for coming in to make your deputation as soon as you walked into the room. We greatly appreciate that.

Mr. Steven Barrett: A pleasure.

The Chair (Mr. Bob Delaney): I would like to remind committee members that, pursuant to the order of the House dated May 31, 2012, the deadline to file amendments with the committee clerk is tomorrow, June 12, at 6 p.m. sharp.

This concludes our business for today. We will meet again tomorrow, June 12, at 9 a.m. in room 228.

Mr. Victor Fedeli: How long are we on tomorrow?

The Chair (Mr. Bob Delaney): We’re on tomorrow from 9 until question period and then from 3 until we run out of deputants, which should be at around this time.

We are now adjourned.

The committee adjourned at 1701.

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