F-23 F-23

ISSN 1180-4386

Legislative Assembly
of Ontario

Second Session, 40th Parliament

Assemblée législative
de l'Ontario

Deuxième session, 40e législature

Official Report of Debates (Hansard)

Monday 20 January 2014

Journal des débats (Hansard)

Lundi 20 janvier 2014

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Kevin Daniel Flynn
Clerk: Katch Koch

Président : Kevin Daniel Flynn
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

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 20 January 2014

Lundi 20 janvier 2014

The committee met at 0900 in the Holiday Inn, Sarnia.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Kevin Daniel Flynn): Okay, let's call the meeting to order. Almost everybody is here, I think, and I'm sure they'll be here very shortly. Welcome to Sarnia.

MUNICIPALITY OF BROOKE-ALVINSTON

The Chair (Mr. Kevin Daniel Flynn): Our first delegation is the municipality of Brooke-Alvinston, Don McGugan. Your Worship, if you'd like to come forward. Make yourself comfortable. Every delegation gets 15 minutes. Use that in any way you see fit. If there's any time left over, the questioning will begin from the Conservative Party this time.

Mr. Don McGugan: Well, thank you ever so much, Mr. Chair. I have a little bit of an eye problem, and I would ask you if you would just tell me when I have two minutes left of the 10 minutes, because I would like to take questions.

The Chair (Mr. Kevin Daniel Flynn): Perfect.

Mr. Don McGugan: Anyway, first I want to say, on behalf of Sarnia–Lambton, a warm welcome. I know it's pretty fresh out there this morning, but a warm welcome to you. It is a great community, with over 100 miles of shoreline and river line for the summer cottages.

Who am I? I am Don McGugan. I'm the mayor of Brooke-Alvinston. My ancestors came to Brooke-Alvinston in 1850 from the Isle of Skye because there was no money and no work; all there was was sheep. So they came here, and it's only been better ever since. So a little profile.

In your package that we made up, you don't have everything, but anyway, there are my comments; I will vary from them. I didn't bring quite enough. Being of Scotch background, I only made so many of these, but there is a video of our municipality. It's called a promotional video. I do ask you to take a minute—it's three and a half minutes long, if you'd take the time to look at it. It tells a little bit about our history, where we are and where we hope to go to.

My next little booklet here is on the oil industry in Canada or North America. I don't know whether you're all aware or not, but the very first oil well was found in Oil Springs, about half an hour from here. It's the very first one in North America. It was 1858.

Now, there's a really interesting history here. In 1862, there were 36 wells that gushed oil. They could not control it. There were estimated to be approximately five million barrels of oil that ran down Black Creek to the St. Clair River, and am I ever thankful that I wasn't there. I'm also thankful that there was no MOE, or we perhaps would not have any Chemical Valley as of today.

Now, on your desk, each one of you got a very small jar of honey. That is from Munro Honey in Alvinston. They are the largest honey producer in eastern Canada. They are also the first producer of mead—mead is wine made from honey—in Ontario.

At the end of my presentation, I have a beautiful bottle of blackcurrant wine that I will present to the Chair. I do ask the Chair to share it with each one of you, but maybe you'd better wait until the end of the day, because it is very potent.

Mr. Michael Prue: At 2 o'clock.

Mr. Don McGugan: At 2 o'clock? All right. Anyway, I will present that.

Anyway, it's just great that you came to Lambton county. I know I've got a lot of issues in here that I want to talk about, but I am just going to talk for a moment about the county of Lambton and the city of Sarnia. There are about 500,000 acres of arable land in Lambton county. We grow corn, beans, soybeans and wheat, and we grow a few edible beans that basically go to Japan—very productive; a lot of young men and ladies, young farmers that produce.

Some of my colleagues are presenting later today, like Kevin Marriott, mayor of Enniskillen. That's where oil was found: in the township of Enniskillen in 1858. We also produce a little bit of tobacco. That may be the wrong word, but it's still a legal substance—a little bit of that. We have some grapes, we've got some wineries, we've got some cherries and we've got some apples. We are very diverse.

Again, because of the oil, we have Chemical Valley. Chemical Valley was a great place to work. I spent 34 years at Dow Chemical and I farmed all my life, but the sad story is that there is not one employee of Dow Chemical left in this great province. That's really sad. When I was there, at the heyday, there were 1,650 employees.

In your package you will see that there are some maps. I do ask you to take a look. There's one of Lambton county. There's also one of the municipality of Brooke-Alvinston, which I represent. Brooke-Alvinston is a very rural municipality, with lots of very productive, enthusiastic, motivated men and women. We produce an awful lot of a variety of crops, and I will get into a little more about the honey, and also about our abattoir.

I want to say thank you for all the support that all the governments, from the late 1980s right through to today, have given to small municipalities. We've had some water lines, we've had some sewer lines and we've had some road upgrades, so we do say thank you.

I do understand that the Ontario government has uplifted some funding from the county, but my concern is that my OMPF funding in the municipality of Brooke–Alvinston—in 2013, we got $1,629,000. At the end of November, on a Thursday, I got a nice little email saying we'd be cut by a projected $244,000 for 2014. Oh, dear. This isn't good.

Then, on the Tuesday, right after the Thursday, I get a beautiful letter—"Dear Don"—from the Lambton county policing group. We are policed by the OPP. I have no problem with our policing by the OPP, but it said, "Due to circumstances beyond our control, your costs are going to go up 8.2%." That's $48,000, so that takes my costing up to $648,000 for 1,034 homes. It works out to $574 per household. When I take the $244,000 that I'm missing plus the $48,000 that I've got to add—it's got to come from somewhere—I'm short about 23% of the money that I had to spend last year.

Where I come from, we are limited. We don't have control over our hydro or our gas at our arena—we've got a lot of great sports going on. Really, our wages are controlled by the people around us, so here we are with all these fixed costs. Where we have to cut will be on our roads.

To talk about roads: Our agricultural community is having fewer farms. The farms are getting bigger and the equipment is getting bigger, so it does create a real challenge for us. I realize that our government has some challenges on money, but I also think that we need to take a look at where we are and how we can make it better, because we are very innovative.

I'm just going to talk a little bit about Munro Honey. Munro Honey is 100 years old this year. It has only had two owners: the founder and the family we have today. They are the largest bee and honey producers in eastern Canada. They export bees all around the world.

They got into the wine business about 10 years ago, and it has been a really good business for them, but they can't get into the LCBO. They can get in, but they can't afford to get in. There are just rules after rules after rules. So, they do ship—

Interjection.

Mr. Don McGugan: Two minutes left? Whoa!

The Chair (Mr. Kevin Daniel Flynn): Two minutes left until you've got five minutes left.

Mr. Don McGugan: Oh, I've got five minutes left? Okay.

They do ship to Michigan, Japan and Great Britain. I'm not sure how we can overcome it, but it is a great business, and I know that there have been some bottles of this wine in the House in Toronto. I'd ask you to take a look at that.

The Premier recently announced that VQA producers could sell wine at farmers' markets this coming summer. We have three wineries in Lambton county: Munro's, Twin Pines and a brand new, great winery at Camlachie, which is about 15 minutes from here. They're unable to sell. What I'm saying is, why can some wine producers sell and why can some not? These are some of the rules I do ask you to take a look at.

I'm also very fortunate to have a small abattoir in my community. He has gone through some challenges over the last couple of years. I visited with him last week, and he tells me that, up until last year, he was able to provide all the meat to a local hospital, and that was Strathroy. As of now, he cannot. Now, there's something to do with CFI and the Ontario government; I'm not sure what it is. His wife, who works right beside him, spends about half her time filling out paperwork—just the rules and regulations.

0910

As I mentioned before about our economy and where we are, in my presentation here, at the back, it does say—there are two extra pages that were added yesterday because I did get a copy of AMO's request, and you, I believe, met with AMO last week. I had some of the same things in my presentation as what AMO had mentioned. One was arbitration. Neither AMO nor myself mentioned planning. I would ask you to at least take a look at our planning in Ontario. Only 3% of our land is agriculture, and it's the finest agricultural land in the world. Let's preserve it. I'm not opposed to growth; I do think we have to have growth, but we also have to preserve the great land that we've got. So I ask you to at least think about that in your planning as you look down the road.

Then, I've had the privilege and opportunity to sit on Lambton county council for the last number of years, and I am amazed about the rules that come through and our nursing homes. I think we do a great job. We try to stretch our dollars, but there are just rules after rules. There's paper—a year ago, I had to hire an extra person just to get the paperwork in on time. I think we had six weeks or the possibility of our funding would be cut back or limited. So I just think our rules are a challenge.

Now, I haven't got much time left. I just want to talk about energy costs for a second. We shut down the Lambton generating station. I'm not opposed to alternative energy; I think there's a place for it. But when it was the most efficient and the cleanest-burning coal plant in North America, I just question it.

I was at a seminar recently where I was told that Quebec and Manitoba energy rates are exactly half of ours. We are 20% above Michigan.

In conclusion, I just want to say that I think we should play the game the way they play it. New York state last week—I didn't see it. Our CAO, who has an apartment in Alvinston, has a dish, and New York state was saying, "Come to New York state. We'll give you free taxes for 10 years." So I think if we have to be competitive, we have to meet the challenges that other jurisdictions have. If that's giving a break on taxes, water, developmental charges, hydro, whatever—let's get the jobs here and then the 10 families that that employs will spend every cent here and they'll be happy to spend it here.

That's a summary of what I have had to say. There is more information here about our county and agriculture. It's a great summer land.

How much time have I got left, sir?

The Chair (Mr. Kevin Daniel Flynn): You've got about three minutes for questions.

Mr. Don McGugan: Okay. I'd be happy to take questions, because I find that the most interesting. Chances are I can't answer them.

The Chair (Mr. Kevin Daniel Flynn): The first question is coming from Monte. Go ahead.

Mr. Monte McNaughton: Great. Thank you very much, Mayor McGugan, for coming in. I'm proud of the work that you do in Brooke-Alvinston and Lambton county.

I just wondered if you could talk a bit about the arbitration system and your feelings on reforming it.

Mr. Don McGugan: Well, yes. I put it in here. I just mentioned it in a bullet about arbitration, that I really think that we should take a look at arbitration and what the community can pay. Now, I got involved in the county in some arbitration cases involving nurses. We do need nurses; they need to be well paid. I don't want their job.

I'm going to give you one more example. I believe it was Red Lake where they had six firemen on and there was an arbitration case. The arbitrator gave the—I forget what the exact cost was. They had to lay one fireman off to pay the other five. So I do ask you to take a look at the arbitration.

Also, while I'm talking, about the insurance—I believe that's been on AMO's list for a number of years. Did I answer your question?

Mr. Monte McNaughton: Yes. That's good. And one other thing I wanted to ask: As a rural mayor, what's your opinion on the recent long-term energy plan where the current government is proposing to triple the amount of wind turbines and wind power in the province of Ontario?

Mr. Don McGugan: Well, I'm confused a little bit. I have four turbines in Brooke-Alvinston. They are there and they've been running there for two and a half years. I believe there is a place for wind turbines, but I don't believe that they should be in a residential area. There are lots of places in the province where they could be used. But they are only 28% efficient, so I do have a concern there that we are paying that much for our power, when I believe LGS was making it for about three cents a kilowatt.

Mr. Monte McNaughton: And if you could just reiterate the figures: When it comes to the OMPF funding cuts, how much did you say again per taxpayer that is going to cost?

Mr. Don McGugan: Well, they cut $244,000 and then they added the $48,000 in; that comes to $292,000. That's 23% of money that I don't have to spend that I did have last year.

I realize that you cut, as I say—it was cut 15%, and I did talk to a cabinet minister last year at the chamber. The Sarnia chamber had a day down at the Legislature. I went down. I did talk to a cabinet minister and I did mention to him about my concerns in small rural municipalities. He did tell me that the intent was not to cut the small, rural municipalities—I believe some cities have gone up significantly.

Mr. Monte McNaughton: No, but how much—sorry—per household did you say again that the taxes would go up?

Mr. Don McGugan: Oh, the household cost was $574 per household for policing costs.

Mr. Monte McNaughton: Oh, just for policing.

Mr. Don McGugan: Yes. I did attend the policing meetings in Chatham, and I realize it's changing in 2015. I think our costs are going to come down, but nobody can verify that. As a farmer, I always think my costs are going to go down and my profits are going to go up.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming this morning, Your Worship.

Mr. Don McGugan: Thank you for giving me this privilege. I've got to make sure you get this wine. Please wait until 2 o'clock, though.

The Chair (Mr. Kevin Daniel Flynn): Well, bring it that way or Prue will grab it, so bring it around this way.

Laughter.

Mr. Don McGugan: Should I give it to the Clerk, maybe?

Interjections.

The Chair (Mr. Kevin Daniel Flynn): There's wine on the flight now, Mike.

Interjections.

The Chair (Mr. Kevin Daniel Flynn): Okay, ladies and gentlemen. Thank you, Your Worship.

LONDON HEALTH COALITION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is from the London Health Coalition. Peter and Jeff, are you here? If you'd like to come forward and make yourself comfortable. Like everybody else, you've got 15 minutes. Use that any way you see fit. If you could introduce yourself when you speak for Hansard. The floor is yours. The questions this time will come from the NDP.

Mr. Peter Bergmanis: Thank you, Mr. Chair. I am Peter Bergmanis. I am the co-chair of the London Health Coalition. I am joined by my other two co-chairs today. On my left here is Shirley Schuurman, and my other co-chair, Jeff Hanks, is in the back there taking some video footage of this, and I hope there is no issue with that.

Sorry; if I had known that it was customary to bring some gifts, I would have done so.

Laughter.

The Chair (Mr. Kevin Daniel Flynn): That's right. If there's no wine, you can't speak.

Mr. Peter Bergmanis: But since we're dealing with health care issues here, maybe we'll keep the alcohol out of it.

As you can see, we are representatives of the London Health Coalition, which is in the broader context of the umbrella group known as the Ontario Health Coalition. Our mission, as a constituent member of that coalition, is to protect and improve our public health care system. We work to honour and strengthen the principles of the Canada Health Act. We are led by the shared commitment to core values of equality, democracy, social inclusion and social justice, and by the five principles of the Canada Health Act, which are universality, comprehensiveness, portability, accessibility and public administration. We're a non-partisan public interest group, and we work together as a coalition with other interested parties that have concerns similar to our own.

We note in the budgetary process this year—and we appreciate the fact that this year it's a pre-budget hearing and not a post-budget hearing—that the government has announced plans to bring in new legal regulations to expand the use of private clinics, called independent health facilities, or IHFs; that is, to take hospital services out of our community hospitals. The proposal is to begin to implement these plans over the next six months. These changes would expand the use of private clinics and the transfer of hospital services out of public hospitals into these clinics. The LHINs would have the power to transfer services all the way through.

The Health Coalition strongly recommends that IHFs not be expanded. Indeed, they should be reduced and services integrated into the public system. At issue is the existing ability of the province to work with local hospitals to set up non-profit specialty clinics under the quality and performance rubric of the Public Hospitals Act. There is no need to expand the use of independent health facilities, and the evidence is that these facilities already have serious oversight problems regarding cost, quality and safety, not to mention the negative impacts on equity of access to service.

0920

Based on evidence, we have grave concerns about clinical services and safety, and the impact that that would have on equity. Ongoing cuts to local hospital services would further destabilize local hospital budgets and worsen staffing shortages. The evidence shows that this plan will likely cost more to OHIP and Ministry of Health budgets, as well as for patients who are frequently confronted with user fees and extra billing in private clinics.

The Auditor General's report of 2012 shows that the independent health facility sector already has inadequate oversight and monitoring, and should not be expanded. We have outlined some of these concerns below, and our recommendation is that organization of hospital services, if it is planned, should take place under the Public Hospitals Act, not the expanding of private health care facilities.

Higher costs being one part of our dilemma, to cut public hospital services and contract them to private clinics bears close resemblance to the British experience with contracting out public hospital services to private clinics called independent sector treatment centres. In the UK and other jurisdictions, including Canada, multiple reports and many studies report lighter caseloads and evidence of cream skimming by private clinics, leaving the more expensive and heavier caseloads to public, non-profit hospitals while depriving the hospitals of the resources, both human and financial, to treat them.

In the UK, multiple British Medical Association journal studies report that private clinics are paid higher prices for surgical procedures. Indeed, in the UK, the Department of Health has publicly admitted that higher prices are paid to private clinics. Former British health minister Frank Dobson reports that private clinics were being paid up to 11% more than public hospitals for the same procedures.

The OHC's own research into private clinics across Canada, conducted in 2008, found that the cost of procedures was significantly higher than it was in public hospitals. There is an element of two-tier health care in user fees and extra billings.

In addition to billing public health plans, in 2008 the OHC discovered that the majority of for-profit clinics charged user fees and engaged in extra billings of patients, even in violation of the Canada Health Act. This finding was supported by a 2011 study in the Canadian Journal of Gastroenterology, which found that one third of patients receiving colonoscopies in private clinics in Toronto were being charged user fees for this service.

Toronto Star columnist Thomas Walkom found that even at the non-profit Kensington Eye Institute, one of the few non-profit IHFs that exist, surgeons recommend non-medically, necessary refractive lens implants for patients, which is a commingling of insured and uninsured services used by the for-profits to bill patients extra. The clinic charges a $50 handling fee for user fees to patients, in addition to the charge for the lens.

A case in point has been the establishment of Medpoint Health Care Centre in London. Touted as London's only for-profit health care clinic, Medpoint is seeking to expand. On the heels of the controversy surrounding the Vancouver-based Copeman Healthcare Centre's attempts to establish a for-profit in London, the president of Medpoint, Alex Hanham, introduced his for-profit clinic far more cautiously, first opening a clinic in the renovated space at the Galleria London in 2007.

Medpoint clinics are open to everyone for OHIP-covered services, but the point is that the core of Medpoint's business model is to implement executive-styled care that purportedly includes 125 corporate clients and others who simply make spending on health a priority. For an annual membership of $1,800, well-heeled clients can receive guaranteed services including three- or five-hour medicals, personal training and a concierge to guide them to treatment options in Ontario and the United States.

In five years, Hanham has twice expanded his clinic, more than doubling his space, while adding pediatric as well. His staff has grown to 28, from two full-timers and three part-timers. Another clinic is in the offing for Ottawa.

As quoted in the London Free Press, Hanham's philosophy: "Sales isn't that difficult. People have a need to be filled. They are out to buy something."

For-profit clinics such as Medpoint blur the lines between Canada's public and private delivery of health care and offend our sense of equal access to care, one based on need rather than wealth. It is all the more galling that corporate clients can claim their membership fees as a business expense, thereby enjoying the subsidization of Canada's progressive tax system to in essence jump the public queue in health care service. In addition, the existence of for-profits within Canada's public health care system further subjects medicare to corporate challenges through international trade agreements.

I can go into further evidence which is provided by the Ontario Auditor General's report in 2012. Due to time limit constraints, I'm just going to gloss through this quickly. I know that the committee's time is precious, as well.

The evidence is overwhelmingly there that if we don't monitor what private clinics perform, then there will be inevitable corruption of the system and they will probably be taking money that they are not owed. They certainly are far more expensive to run than our public hospital system is.

Moving to the hospital system, in the 2013 budget plan, as presented, with hospital funding frozen at less than the rate of inflation, it's forcing more and more cuts and, of course, more user fees, and more means testing for seniors' drugs as well are being proposed.

Interjection.

Mr. Peter Bergmanis: Five minutes. Thank you, sir.

Hospital-based operating funding was held to zero in 2013-14. It has been held at less than the rate of inflation for more than five years. This province has the fewest hospital beds per capita of any province in Canada by far. Ontario has the highest level of hospital occupancy of any jurisdiction for which the OHC can find data. In fact, hospital overcrowding in Ontario is at dangerous levels.

Continual pressure on hospital budgets has meant more cuts to needed services across Ontario, offloading, privatization of hospital clinics and services.

The city of London is a regional medical hub, but over the course of the past 20 years, the municipality has lost two thirds of its acute care beds and has suffered the loss of one of its emergency departments. Two health care conglomerates service the region: the London Health Sciences Centre and St. Joseph's Health Care.

Through hospital restructuring and extensive program transfers, St. Joe's has been transformed from our acute care facility to an ambulatory care centre. In order to achieve balanced budgets, both hospitals have cut staff and services. In the most recent round of austerity-induced measures, St. Joseph's has been forced to reduce medical diagnostic imaging and operating room time, and to institute two weeks of cataract suite closures. On weekends, the remaining surgical floor of the hospital must contend with the disruptive transfer of patients from the nursing unit to the PACU and back again, just to save on costs associated with operating a surgical unit seven days a week.

Naturally, due to the cutbacks, wait times for diagnostic imaging and cataract surgery are creeping up. The number of cataract surgeries the hospital provides has fallen to 4,171 this year from 5,126 three years ago—a reduction of almost 20%. Each month, the waiting lists grow, with about 40 more people getting on the lists than there is room for surgeries.

Other deficit-busting measures include: closing a St. Thomas-based jobs training program that helped 80 people in the mental health program; redesigning an intensive four-week fibromyalgia management program that helped 108 people a year; the closure of an aquatic therapy program affecting about 400 people, many of them women in their 70s and 80s. Users visited the pool to help recover from hip, knee and shoulder surgery, as well as relieve symptoms connected to ills like arthritis, fibromyalgia and osteoporosis. They must now find relief elsewhere, which is not readily available in the community.

The London Health Sciences Centre is meeting the fiscal challenge through reduced nursing hours, earlier patient discharges and rationing of OR time. With another anticipated flat-line fiscal year approaching, the likelihood of devolving more hospital-based services into the hands of for-profit providers appears certain.

Seniors' drug coverage: Basically, if the seniors are going to pay more—the wealthier ones, anyway—then that means the dismantling of the universality of the health care drug program, and it is certainly not as progressive as we would anticipate it to be.

0930

Also of concern would be, in the rural areas, protections for rural and small community hospitals. Full public disclosure on the use of previously announced funding should be made.

I'm glossing through this because there's a dearth of information here that I'm sure the committee will be able to read, and other coalitions will be presenting very similar items here as well.

Suggestions here: Home care should be reformed to create an equitable public home care system and ensure that public funding is used for care.

Home and community care increases to be up to 5% from 4% per year—and in 2013, apparently, it was increased to be $260 million.

Long-term care needs minimum care standards that should be adopted for accountability of public funds and to improve outcomes and protect against harm.

We are very concerned as well about public-private partnerships in the case of hospitals, the Brampton hospital being the most glaring example of the abuses, where billions were spent and the public ended up carrying the lion's share of the risk involved. The cost overruns were about 13%, according to the Auditor General of Ontario, at the Brampton facility. But there are more hospitals that have been built under that model and we definitely need better scrutiny of what takes place when we adopt that.

Ontario is lagging far behind all of the other provinces on health care funding. Far from eating the provincial budget, Ontario's funding of health care services lags behind most. Rhetoric about alarming health cost expenditures is neither true nor in the public interest. It should have no place in serious budget debates and political discussion.

As this government knows, the Ontario deficit is the creation of budget choices, choices that have prioritized tax cuts that mainly benefit the wealthy and the corporate elite and avoid actually making our commitments to the citizens of the province.

The Chair (Mr. Kevin Daniel Flynn): Peter, I'm going to have to stop you there, but thank you very much for coming. Thank you, Shirley, for joining him. It was a pleasure to have you—

Mr. Peter Bergmanis: Thank you for your patience on that.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Unfortunately, you used up all your time for questions as well.

Mr. Peter Bergmanis: Darn.

The Chair (Mr. Kevin Daniel Flynn): But we are hearing from other health coalitions throughout the province.

Mr. Peter Bergmanis: You will be. You certainly will be. And thank you for your time.

The Chair (Mr. Kevin Daniel Flynn): My pleasure. Thank you.

TOWNSHIP OF ENNISKILLEN

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is the township of Enniskillen. Mayor Marriott, if you'd like to come forward, Your Worship, and make yourself comfortable.

Mr. Kevin Marriott: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): You're welcome. Fifteen minutes, like everybody else. Use that any way you see fit. If there's any time left over, it will come from the government side.

Mr. Kevin Marriott: I've also brought John Innes—he's the general manager for finance in the county of Lambton—as I'm a councillor for the county of Lambton.

The Chair (Mr. Kevin Daniel Flynn): Perfect.

Mr. Kevin Marriott: I want to thank the provincial finance committee for coming to Sarnia, and for having this opportunity to have input in these very difficult times for rural municipalities like mine. Having been on municipal council for almost 20 years, the budget we are working on for 2014 will be one of the most challenging in those 20 years.

A little bit of history here: In the mid- to late 1990s, when the federal government was successful in eliminating their deficit, they made cuts to the province of Ontario, who in turn made cuts to municipalities. There were many major changes at that time that the province implemented.

One of the biggest changes was eliminating the farm tax rebate directly to farmers that resulted in municipalities getting funding directly from the province, which is now included in the OMPF fund that we receive annually. The rate at which municipalities can tax farmland has a very narrow window, up to 25%, and the province has not allowed this rate to change.

The OMPF funding to Enniskillen was decreased by 5% in 2013, followed by a 15% cut in 2014, or, put another way, $170 per household. If that isn't bad enough, we have been warned there are more cuts to follow for 2015.

Quoting the Honourable Charles Sousa from a letter from his office: "Working closely with municipalities, we recently undertook a review of the municipal partnership fund to ensure the funding is stable, consistent and predictable, while at the same time targeting it to those municipalities that need it the most."

Trying to absorb a 20% cut in funding in two years is anything but consistent and predictable for our rural municipality. To say that funds are being targeted to those who need them most is not a fair comment. To have to raise property taxes this much in one year is totally irresponsible and unacceptable for the taxpayers of our municipality.

In communications after the announcement, we were told by the finance ministry that there are savings to offset these reductions that should come from the county level due to the uploading of Ontario Works and Ontario drug benefits. This is like comparing apples to oranges. The main services the county of Lambton administers are social services, long-term care and public health. For our lower-tier municipality, they are roads, policing and fire protection. Many other lower-tier municipalities in this county experienced the same or more reductions over the two-year period, as my colleague Don McGugan mentioned. He's very similar.

The combined total of the OMPF funding for the county of Lambton and all lower-tier municipalities combined is $10.3 million, whereas the total for Chatham-Kent, our closest neighbour, is $19.4 million. I'm using Chatham-Kent not only because they are a close neighbour but because their demographics are very similar.

Chatham-Kent received a reduction in OMPF of only $13.70 per household for 2014, indicating that the provincial government seems to favour a one-tier municipal government. I would like to address the opinion that rural municipalities are more solid financially and can withstand these cutbacks, which was also expressed by the finance ministry in the last number of weeks in various communications.

I will agree that land prices have inclined the last five years across Ontario. This, however, should not be construed that all individuals as well as rural municipalities are feeling those good fortunes. It is a widely known fact that Canadian personal debt levels are at alarmingly high levels, and this is the same for farm debt levels; they are the highest in history. We all know that farmers' incomes fluctuate wildly because of commodity prices and their cycles.

There are three main crops grown in Ontario, those being soybeans, corn and wheat. In the last few months, corn has dropped from $7 a bushel to $4 a bushel, or 57%. Wheat has dropped 35% in the same period. Soybeans are showing the lowest per cent declines in the same period, but I'm afraid their fortunes are about to change with South America growing the largest soybean crop in history at the moment, and it's about to start being harvested in the next two months.

I shouldn't have to remind you of these commodity cycles if you are old enough to remember the farm crisis of the 1980s. During that decade, land prices dropped 66% over a six-year period, which resulted in the biggest farm crisis since the 1930s, with many foreclosures. Anyone who says that couldn't happen again had better go back to school and study economics.

Back to municipal economics: Rural municipal councils like mine cannot just raise taxes to offset these OMPF funding cutbacks. Rural Ontario consists of small urban areas that have been hurt by the continuous loss of manufacturing jobs. The taxpayer cannot withstand a 20% increase in taxes in one year. If we do not raise taxes, infrastructure such as roads and bridges will not be maintained to the current levels.

There are two reasons for the higher standard of levels of infrastructure compared to 20 years ago. The first one: Taxpayers demand a better quality of surface treatment, with clay and gravel roads not acceptable on high-traffic roads, and number two, a higher level of safety standards for roads and bridges that are being implemented by the province as well as the police. My road foreman will often get a call from the OPP indicating that they think certain work should be happening—this after we have increased the standards from even 10 years ago. We have been to that as a result of courts awarding personal injury cases.

The new formula that Mr. Sousa has talked about based on households does not take into consideration the higher number of kilometres of roads and bridges per household that rural municipalities have to maintain compared to our urban cousins. We currently have bridges that, due to lack of funding, have forced the closure of the roads associated with them because we lack funding in our budgets to repair or replace.

Mr. Sousa, in response to our concerns, also talked about the Small, Rural and Northern Municipal Infrastructure Fund. We have applied to this, but the odds of getting funds feel only very slightly higher than if we bought a lottery ticket.

0940

The second challenge for rural municipalities is the steady increases of policing costs, much higher than the rate of inflation. In fact, our police costs have now doubled in 10 years, with the increase for 2014 at 8%. If the province is going to keep implementing the wage increases that have seen our policing costs double, then it is time that the province uploads policing costs back to the province.

To recap the previous two issues, 15% lower OMPF funding and increased policing costs of 8% is a total of 23% for 2014 alone.

I also wish to address today the availability of natural gas. In my municipality, 80% of all residents do not have access to natural gas. As a farmer, if I had access, I could save close to $4,000 per year on the cost of drying grain alone, without considering the savings on the residence. When I asked Union Gas almost 20 years ago what it would cost to bring gas to my grain dryer, they wanted $35,000 to extend the line two kilometres. I could not justify that cost, even at the time, by saving $4,000 a year.

The last issue I'd like to touch on is hydro rates. They continue to be the main reason for losing manufacturing jobs in the area. Something has to be done. To see the bleeding of jobs from that is heartbreaking, to say the least. I pulled out my latest bill, which was $650, with less than $200 of that being the actual hydro itself. If governments are serious about jobs, then that definitely has to be one of the high priorities.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much. You've left about five minutes for questions. Let's start with Donna.

Mrs. Donna H. Cansfield: Thank you for your presentation. I understand the issue around the two-tier and I think that's been a concern that has been expressed for a long time in many different areas within the province. I also have a fairly good understanding around your issue of roads and culverts and bridges, especially in this area, because you probably have more than the rest of the province combined. I'm quite familiar with that.

My understanding was that there was a northern and rural transition fund that you could apply to in terms of helping you through this whole process. Have you not applied to that fund?

Mr. Kevin Marriott: We have applied, and, as I mentioned, it's not much better than buying a lottery ticket. Honestly, as far as the percentage odds of receiving money, I don't know the numbers but I know that there's—

Mrs. Donna H. Cansfield: I think we should have a further conversation about that, because I believe that was put in place specifically to help address some of your concerns, and I think it would be really worthwhile to have that discussion.

The other is that when the original position was taken around the—remember, you had all the downloading and then we had the uploading. There was a decision made at AMO and there was agreement about what would take place and what would happen over a period of years. Certainly you have received a significant amount of money in terms of what was previously downloaded to you and then uploaded to the province. Now, I understand and I respect that probably your biggest difference is in your demographics, because you don't have the sheer numbers, for example, that Chatham-Kent would have. But I would be curious as to how much was uploaded—I don't mean to put you on the spot that way—in terms of the difference now. You must have received a significant amount of money in the past.

Mr. Kevin Marriott: I'll let Mr. Innes address that, but as I mentioned in my presentation, because it's two-tier, it is like apples and oranges. The county—John, I'll let you add to that.

Mr. John Innes: The county, according to the OMPF notices, has received in excess of $16 million worth of uploads. For 2014, the reports suggest that we are going to benefit by $2.3 million.

When we take a look and we analyse that, the actual dollars that you can take to the bank to offset costs are closer to $800,000 than the $2.3 million.

What has happened with that money in the past is that the county has used it to pay for the increase in caseloads for Ontario Works and essentially has used it to maintain and provide the services from the social services department.

As Mayor Marriott indicated, we have used it at the county level to pay for county-provided services, whereas his concern at this point in time is that he is seeing a reduction in the amount of cash that goes to support the services that his level is providing. That is really what the issue is: Yes, we do not argue that there has been a benefit to the county, but, regardless of whether that benefit came to us or elsewhere, the fact remains that Enniskillen township and every township like it are going to have to figure out how to compensate for a 25% hole in their funding for 2014.

Mrs. Donna H. Cansfield: I've heard this for a while now from other jurisdictions, around the two-tier issue. I understand the responsibilities at the overall tier, if you like, especially around roads and such, but I also appreciate that if it doesn't trickle down to where the rubber hits the road, you end up in a really difficult position. I think that there should be a discussion that really centres around those kinds of issues to help you, because that's a governance issue between the first and second tiers, in some cases.

Mr. Kevin Marriott: But if you look at my presentation, Chatham-Kent being very similar in population, demographics, size and everything, we're at a little over $10 million altogether. That's county and all municipalities rolled into one. Them being one tier, they're $19 million. There's something wrong. The formula that came about for 2014 is highly flawed.

Mrs. Donna H. Cansfield: I think, again, that warrants a discussion. I would be prepared to work with you and help you in terms of setting up a discussion with the people in finance, because I really appreciate that that's difficult.

As I said, we have tried to do the uploading. If it's flawed in the process, then I think we should have a discussion and see what we can do to help you out.

Mr. Kevin Marriott: That would be great.

Mrs. Donna H. Cansfield: Yes. I really appreciate your presentation, especially when it comes to the issues around roads, bridges and culverts.

Mr. Kevin Marriott: Especially with the standards that are being implemented on us. We have to have bridge inspections now, and that's a cost that we didn't have five years ago. The layers and layers of bureaucracy are just getting bigger and bigger. It might only be a few thousand dollars, but if you add all of those few thousands up and then take a 23% change in funding for one year, it's not fun.

Mrs. Donna H. Cansfield: No, I agree.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Your Worship. Thank you for coming today.

LONDON ECONOMIC DEVELOPMENT CORP.

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this morning is from the London Economic Development Corp.: Robert and Larry, if you'd like to come forward. Robert or Larry?

Mr. Larry MacKinnon: Robert was not able to make this presentation today. I'm Larry MacKinnon. I'm the director of business development for the London Economic Development Corp.

The Chair (Mr. Kevin Daniel Flynn): Perfect. You have 15 minutes, like everybody else. Use that in any way you see fit. Any time for questions will come from the Conservatives.

Mr. Larry MacKinnon: Thank you for giving me this opportunity to provide brief comments during this pre-budget consultation. My comments will focus on the importance of the Apprenticeship Training Tax Credit as a critical support for the contact centre or call centre industry in London, Ontario.

The London contact centre cluster has about 22 companies employing a skilled and experienced labour force of approximately 7,000 people, representing 2.2% of the labour force. At peak, London had about 40 contact centres with more than 8,000 people employed, representing about 3% of the labour force.

London is an attractive community for high-quality contact centres due to the large pool of talented and educated young people emerging from Western University, Fanshawe College, Collège Boréal, and a variety of vocational schools. Indeed, Fanshawe College has provided training for individuals entering the industry, typically through the Pre-apprenticeship Training Program.

These 50,000 students are a significant pool of new talent for the industry. Many students work part-time in the industry, while others see the contact centre industry as an entrance into the full-time labour force upon graduation.

In London, contact centre positions pay between $10.25 and $34 per hour depending upon experience, technical requirements, and language capabilities. These are good primary and secondary jobs for many people, including new entrants to the labour force, recent immigrants, individuals changing careers, and recent retirees seeking to supplement their incomes.

0950

London, like many communities in Ontario, has lost a significant number of contact centre jobs, with some companies leaving entirely and others reducing their labour forces when contracts are not renewed for a variety of reasons, including the loss of that contract to a less expensive jurisdiction. Some companies have signalled that the loss of the Apprenticeship Training Tax Credit will force them to follow suit and move their contracts to less expensive jurisdictions, including the United States.

In addition to the loss of contact centre jobs, London has lost many manufacturing-related jobs since the 2008 economic downturn. Our current unemployment rate stands at 7.8%. And while the contact centre industry cannot make up for all of these losses, they have been able to absorb many individuals returning to work and provide second incomes to many more families.

Alliance iCommunications is an 18-year-old, London-based, full service contact centre providing support throughout North America 24 hours a day, seven days a week, to brand-name clients. Alliance employs 300 people and is the winner of the 2002 London Chamber of Commerce Business Achievement Award. David LeClair, president of Alliance, will be presenting to you later this morning in an effort to show you exactly how negatively impacted his company will be by the loss of the Apprenticeship Training Tax Credit and the future impact on his London employment base.

The Apprenticeship Training Tax Credit allows companies like Alliance to remain competitive with low-cost North American jurisdictions, to increase employee compensation, and to reduce training costs that are necessary to ensure the quality of a skilled professional demanded by the market. We ask that the ending of the Apprentice Training Tax Credit for contact centre jobs be reconsidered and that a revised program with appropriate restrictions to prevent abuse be implemented. A successful revision of this credit will enable many companies to retain jobs in communities like London and add additional jobs as they secure new contracts in a globally competitive bidding process.

Thank you for your consideration.

The Chair (Mr. Kevin Daniel Flynn): Very good. You left a lot of time for questions, and that's going to the Conservatives. Who's going to start? Monte?

Mr. Monte McNaughton: Thank you very much for coming today to the committee. The issue that you've brought forward is something—over the last year, I've asked a number of questions in the House about this apprenticeship program that was in place. I just wondered if you could explain how the government consulted with the industry before making the change.

Mr. Larry MacKinnon: That's a very good question. I'm not actually in the industry and it's not clear to me how that was done. My sense, from speaking to contacts and industry executives, was that they were either given short notice or little notice before the information was made public. But I can't say for sure that they were not consulted. It's not clear to me.

Mr. Monte McNaughton: And again, I may have missed it, but how many job losses in London from contact call centres?

Mr. Larry MacKinnon: Right now, the number would be 1,000 jobs, from our peak.

Mr. Monte McNaughton: Okay. And you're saying a lot of these jobs are now going to the US?

Mr. Larry MacKinnon: Yes. There are some jurisdictions in the United States that have lower costs and have similar programs to aid in the training of new contact centre employees. Not all the jobs are going to the US; some are going to offshore jurisdictions that are even cheaper. But the high-quality jobs that are viable in North America are always looking for the cheapest possible location and yet maintaining the highest-quality talent, and there are other options that the market can choose.

Mr. Monte McNaughton: I remember, when this debate was happening at Queen's Park, there were other provinces, I believe, as well that have offered some incentives to attract these jobs. Do you know what other provinces are sort of excelling and pulling ahead of Ontario in this industry?

Mr. Larry MacKinnon: Off the top of my head, I don't know the specific provinces, but I am made aware that a number of east coast provinces have had a lot of experience in this industry and signalled very quickly to Ontario companies that they would be willing to talk to them about relocating their jobs into those provinces. Maybe some might be beefing up their programs, or at least they're talking of beefing up their incentives to attract those jobs.

Mr. Monte McNaughton: You were talking as well about manufacturing job losses in London. I know the unemployment rate increased. The announcement was from StatsCan a couple of weeks ago, based on December job numbers. Can you talk a bit about manufacturing job losses in London and how many manufacturing jobs have been lost since the peak? Do you know that number?

Mr. Larry MacKinnon: I don't know that number. I think that it would certainly be in the thousands. I can't say for sure that this industry would absorb all those people. I don't think that it would. But this industry provides jobs to some of the people who have lost their jobs as second careers. It also provides excellent second incomes to their families, allowing them to make it to whatever their retirement goals are.

Mr. Monte McNaughton: Good. Thank you very much. My colleague has questions.

The Chair (Mr. Kevin Daniel Flynn): Vic?

Mr. Victor Fedeli: Thank you, Chair. Good morning and welcome and thank you for your presentation. I'm not sure I heard the end of Monte's question to you.

What would the total number of job losses in the London area have been since the peak?

Mr. Larry MacKinnon: In the contact centre industry, it would be—

Mr. Victor Fedeli: Not the contact centre—in general, the manufacturing.

Mr. Larry MacKinnon: To be honest, I don't have that figure. It would be in the thousands, several thousand, but I don't know that figure off the top of my head.

Mr. Victor Fedeli: This is our fifth community that we're visiting, and we've heard an awful lot about hydro rates, red tape, corporate taxes. Can you take a couple of minutes and talk to me about each of those three and the impact on job creation in London?

Mr. Larry MacKinnon: I don't typically hear concerns about corporate taxes from companies. There have been some concerns expressed about hydro rates, that companies are always competing with other jurisdictions and prefer a stable environment for hydro rates and are concerned about where they might go. The contact centre industry, in particular, is not expressing concerns at this point, but I do know that in some jurisdictions where they are being enticed, those jurisdictions are advertising lower hydro rates and in some cases lower property taxes. So while those companies that I've spoken to would like to keep those jobs in London, in Ontario and in Canada, at some point they make business decisions about where they can be competitive. The Apprenticeship Training Tax Credit allows some of those companies to remain competitive in Ontario, even though there may be higher costs in other areas of their business.

Mr. Victor Fedeli: So other than the contact centre, you do have the ability to talk about the other industries, the other sectors as well in your community, or are you strictly the contact centre?

Mr. Larry MacKinnon: I would prefer today just to focus on the contact centre industry.

Mr. Victor Fedeli: I appreciate that. We do have a proposal from the government to increase the price of gasoline by 10 cents a litre and corporate taxes by half a percent. How would you feel that that would affect the overall business community in the city of London? And you can focus on the contact centre employees or employers at your discretion.

Mr. Larry MacKinnon: I'm not actually in the industry. It would be difficult for me to comment. My sense is that higher gas taxes impact everybody. In the contact centre industry, there's a range of wages paid, from, say, minimum wage starting on the low end up through, as I mentioned in my comments, $34 an hour. Some will be impacted more than others. Certainly, many of the students and many people who are in jobs that pay a little less are taking buses, so the transit system helps there. Many of those contact centres are located in the downtown core or on bus routes, so I think that is less of a concern than the training issue.

The industry, the marketplace, demands high-quality skills in these centres. These are not low-end contact centres contacting you during your dinner trying to sell you something. They're high-quality centres with brand-name clients. They require high skill levels. The industry needs this tax credit to bring those people up to speed as quickly as possible to service that industry.

Mr. Victor Fedeli: Chair, how much time do we have left?

The Chair (Mr. Kevin Daniel Flynn): You've got just over two minutes.

Mr. Victor Fedeli: We heard from the contact centre industry in Toronto. I don't know if you followed the hearings in Toronto last Thursday.

Mr. Larry MacKinnon: I did.

Mr. Victor Fedeli: You did, so you know that they made a very strong and a very productive case as well, probably almost equal to yours today.

If you have any closing remarks, now's the time. If not, I'll pass on our time.

1000

Mr. Larry MacKinnon: Thank you. I'd just like to say that this is an issue, I think, that affects many communities in Ontario, in the north, west, east and south, and I would appreciate the committee taking another look at the Apprenticeship Training Tax Credit and how it could be modified to suit the needs of industry and meet the goals of the appropriate ministry. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you very much for coming today, Larry. We appreciate it.

ONTARIO GREENHOUSE VEGETABLE GROWERS

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this morning is from the Ontario Greenhouse Vegetable Growers: Don or George?

Mr. Don Taylor: Don; no George.

The Chair (Mr. Kevin Daniel Flynn): Have a seat. Make yourself comfortable. You have 15 minutes, like anybody else. If there's any time left over, the questioning for you will come from the NDP.

Mr. Don Taylor: Okay, good. I'd like to thank the committee for allowing us a time slot today. I'll try to keep my comments fairly brief. We did prepare a written brief as well that goes into a little more detail on some of the items that we'll be talking about.

Just a little bit of an introduction: Who are we? My name is Don Taylor. I'm the chair of the Ontario Greenhouse Vegetable Growers. The OGVG is the organization that represents all greenhouse producers of cucumbers, tomatoes and peppers in Ontario.

For those of you who aren't familiar with the sector—and I know a lot of you are; we hold a few sessions a year in Queen's Park and have you down and let you taste some of our wares and receive some of the flowers that our colleagues on the flower side produce—we have about 220 greenhouse vegetable farmers in the province, closing in on 2,400 total acres, so they average about 10.5 acres of enclosed production space per farm.

Total farmgate sales in 2013—we haven't got the final numbers in yet, but they probably approached $800 million, which is a very significant sector in the province. We have about a little more than 12,000 jobs in the sector, and those jobs range from labour jobs involved with plant care, harvesting and so on through to professional jobs in science, marketing and mechanical, as well as management jobs, obviously. We're also a sector contributing to the favourable balance of trade. About 70% of what we produce is exported, primarily to the US, and we're now looking fairly seriously at markets in Asia.

The one final point that I'd just make about the sector is that we are a growing sector. We have added about 400 acres of production over the past three years. At about $800,000 to $1 million an acre of construction costs, that represents in the neighbourhood of $350 million that have been injected into the Ontario economy as a result of that expansion. As well, I'd just ask you to keep in mind that every acre we add adds two to three jobs.

But—there's always a but—we aren't the only country looking at expansion in the greenhouse sector. Mexico is our main competitor, and certainly they have a favourable climate for field production. They have low labour costs, and they have a fairly large hybrid of field and greenhouse sectors called protected agriculture, where they have a lower cost structure and are able to compete very well in our major markets.

The US has traditionally lagged behind Canada and Mexico, but they're now playing an aggressive catch-up game. They've been visiting intensively with our growers in Ontario, trying to talk them into putting their next expansion on the other side of the border, particularly in Ohio and Michigan, offering tax breaks, energy incentives, low prices, labour cost advantages and so on.

I guess my bottom-line point here today is that the business climate is critical if we're going to ensure that investments in the greenhouse vegetable sector continue to be made in Ontario and don't move outside of the province.

In terms of our recommendations, I've grouped them into two groups. The first group are those policies or services that we feel the province does a very good job on now and needs to maintain or, if possible, enhance, so I'll just briefly list those. The second group of policies and services relates to those that we think need some serious examination done, and potentially some overhauls, if we're going to continue to attract investment and growth.

In terms of the former group, obviously Ontario has something going for it that the greenhouse sector has developed to the size that it has in the province. Certainly there are a number of public services that the greenhouse sector depends upon: market development services, both domestic through the Foodland program and I guess more recently through the Local Food Act and Local Food Fund, as well as export market development. I mentioned we're looking at the Asian markets, and there are a few specialists within the Ministry of Agriculture and Food that are critical to our examination of that. There's a lot of government-to-government work that needs to be done when you're looking at new export markets, and so ministry staff are important for that.

In terms of innovation, research and technology transfer, the ministry has always been very supportive of that. That's a very small group of people who are involved in that, but we think they are worth their weight in gold—or greenhouse vegetables, I guess. We need to see those services continued. We're not asking to expand them, but we need to see them continued.

The final area I'd just touch upon is the regulatory area. That's usually listed as a negative, but from our perspective the Open for Business process has allowed us to address some issues that we've had with some of the regulatory process; for example, environmental regulation. If I would have met with you a year ago, I would have had this on the other side of the ledger: things you need to improve. But we think through the Open for Business process, I had some very good discussions with the Ministry of the Environment, the Ministry of Agriculture and Food, and we feel that the solutions are well on their way to sort of a win-win situation there.

On the other side, however, of the services, I just want to focus on two main services in terms of those that we feel need to be improved. Energy and labour both represent about a third of our costs of production, so between the two of them, two thirds of our total cost of production. No matter what else we do in any other area, if we're not competitive in energy and labour, we'll have a hard time retaining the investment in Ontario.

In terms of energy, there are really three issues. First of all is infrastructure. Our major production area is in the three-county area around here: Lambton, Kent, Essex, and particularly Essex. About 87% of all that we produce is produced in that three-county area, and frankly the infrastructure in terms of electrical service, as well as natural gas service, is not up to the job; it hasn't been for some time, particularly in the south Essex area. That needs to be improved.

We are excited. Recently, Hydro One has led us to believe that they will be making application to the Ontario Energy Board to run a new line down and put a new station in in the Leamington area. Similarly, Union Gas is looking at a similar application, and that's great news. The other part of the news, however: We need to look at how those services are going to be paid for. We've been led to believe through some of the discussions that since we're the ones who asked for it, we'll be the ones who are paying for it, and frankly we don't think that's reasonable. There's a lot of investment that needs to be done by this sector, but investment in transmission lines and gas lines that are really the main lines bringing the services to the area, we feel, needs to be shared between the province and the utilities, and then the utilities, based upon the regulation by the Ontario Energy Board, will get back their investments with whatever is the regulated rate of return. So we think it's critical that those services be put in place. Just as an example of that, our major production area is in the Leamington area, as I've said. They've already had to shut off the gas once this winter. They're being told they have to shut it off today for the rest of this week, and that's a huge issue for the greenhouse sector. You can't shut off your main source of heating fuel to a greenhouse at the coldest time of the year.

The other two issues I'd just mention quickly: combined heat and power. The greenhouse sector is very well placed to deliver combined heat and power. That's basically electricity generation through burning of fossil fuels. We're well placed because we use the CO_2 and the heat that comes out the other end of that. That's a waste product for most other sectors, and this electricity is on-demand electricity; it's dispatchable. We can turn it off and on because we can store the heat and use it when we need it. So there was a program, the CHPSOP, that was cancelled during the summer, for all the greenhouse producers. The most recent long-term energy plan has again identified that a CHP program for the greenhouse sector is in the interests of the province and the sector, so we're very hopeful that that will go ahead. But we need to make sure that this one too isn't cancelled.

The final one is off-peak electricity pricing. We know that Ontario, because of its high mix of non-dispatchable sources such as nuclear power, does have electricity in off-peak hours that it needs to sell, and it has been selling at not-very-profitable levels or at a loss to surrounding jurisdictions. Our recommendation is, instead of selling it to Michigan, why don't you sell it to us at off-peak incentives? We can turn that electricity into more jobs through going to a lighting program that will produce greenhouse vegetables throughout the year.

1010

The final comment I'd just make with respect to labour is on minimum wage. Again, there is a panel that we've made our comments to. At its heart, we don't feel that minimum wage is a good solution to the poverty issue, but we do understand the political realities, and one has to deal with it.

In the greenhouse sector, we do employ a lot of people, and a lot of the people we employ are labour that are at or near the minimum-wage level. We have no ability to recover cost increases because of the competition from sources outside of the province and outside the country, and, as I say, we're fairly sensitive to that. So our recommendation would be that one needs to use some objective measures—the consumer price index, perhaps, modified by health indicators of the economy. We don't want to see a minimum-wage increase when we're losing jobs. We think that's the best solution. Rather than going with periodic, significant adjustments, you're better to adjust it every year, so that business can adapt to that and move forward.

The other comment I'd make about minimum wage is that we feel strongly that the starting point for any adjustments needs to be the current minimum wage, not some sort of addition to the current minimum wage and then starting to do CPI from there.

Those are basically my comments. Again, we feel that there's an excellent opportunity to continue to grow this sector, but we do need to look at some business-climate and economy issues if we're going to see that happen here.

The Chair (Mr. Kevin Daniel Flynn): Okay. Thank you, Don. You've left about three minutes for questions. Michael or Peggy?

Mr. Michael Prue: Yes, I have a couple of questions, if I could. You were talking about the cutting of the gas. This seems horrific, that gas would be cut to greenhouses on a day that's going to be 20 below zero. When was this decision made, that they were going to cut it?

Mr. Don Taylor: Union Gas makes the decision based upon their supply and the demand that they have, based upon weather. So as a large industrial user, like a greenhouse is, you have a choice of either having interruptible or non-interruptible. Our problem is that most of our folks would like to go to non-interruptible, but there's no more non-interruptible gas available.

Most of the greenhouses would have some sort of backup heating process, but that adds a lot of cost to the sector, so when they're told to shut off now, they have to go to either oil, wood or combinations of the above. This is the second time this winter that it's going to be shut off, but it happens periodically, and that is an issue of the level of supply into the area. It basically isn't adequate to cover the commercial, industrial and residential demands.

Mr. Michael Prue: Several farmers' groups have come forward during the course of the deliberations of this committee and have talked about expanding natural gas throughout the province, just as you have. Would a bigger supply in this area make it unnecessary to have periodic shutdowns of natural gas?

Mr. Don Taylor: Yes. As I mentioned, Union Gas is looking at running a new line down into the area. I think they recognize that it's inadequate, so we have been negotiating with them for some time on that, and they are looking at going to the OEB for approval on that.

Again, I'm not trying to play threatening here or anything like that, but when Michigan comes and talks to our growers, they're not telling them, "If you move to Michigan, we'll have you build the infrastructure." If you move to Michigan, the infrastructure will be there, and you'll get to buy your gas from it without interruption. So we need to ensure that that improvement in infrastructure is done, and that it's paid for by all the users of that infrastructure, not just by the group that asked for it.

Mr. Michael Prue: Okay. If I've got time—I think a minute or so?

The Chair (Mr. Kevin Daniel Flynn): You've got almost a minute.

Mr. Michael Prue: All right. You made a very good suggestion about buying off-peak energy rather than us dumping it in the United States or paying them to take it. That mostly takes place in the spring and the fall, when we have the excess energy, not so much in the winter or the summer, because of electricity use. How would you use that?

Mr. Don Taylor: We think that our demand structure marries up very well with the demand from households and other sectors. If there was off-peak energy—and in our understanding of the program, there is an existing program for large industrial users, so we would like to see something similar for the greenhouse sector. But if you're going to do that, our understanding is that it needs to be tied to some sort of expansion, so we would be tying this to putting in lighting in the greenhouses. We think the big demand for that power is in the summertime. We don't need grow lights in the summertime. We would need them in the late fall, early spring and wintertime, so we think the actual demand marries up very well, both from an off-peak pricing incentive as well as from the CHP. If we were able to have a CHP program where we were able to sell electricity back to the grid when they need it and potentially generate it for ourselves when we need it, we think the two time frames match up generally very well.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today.

Mr. Don Taylor: Sorry to go so long.

The Chair (Mr. Kevin Daniel Flynn): No problem. Thank you.

SARNIA LAMBTON CHAMBER OF COMMERCE

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this morning is from the Sarnia Lambton Chamber of Commerce, John and Rory, if you would like to come forward. Make yourselves comfortable. If you could introduce yourselves for Hansard, that would be great.

Mr. John Elliott: Good morning, Mr. Chair, members of the committee. My name is John Elliott. I'm the chairman of the board of directors of the chamber of commerce. With me is Vice-Chairman Pete Aarssen from the chamber as well. We're pleased to have this opportunity to offer our input to help shape a stronger economic future for our province.

We are the area's voice of business, representing more than 900 members of a variety of sizes, from large industrial complexes to the small family-operated neighbourhood corner store. You'll see that my comments this morning really do cover the range of our membership. But repeatedly, our members remind us that jobs and deficit reduction are among the critical ingredients required to fuel a forward-moving Ontario. Both elements desperately need attention in the upcoming provincial budget.

To be clear, we're not referring to jobs created by governments, although we see the Ontario government as playing an important role in job creation. This government can contribute significantly to a robust and competitive economic environment, one where business is able to once again see the potential for a vibrant and sustainable future and is encouraged to create the jobs that can make it a reality.

One of the measures the government could take now to create such a positive environment locally is to adopt a new energy strategy. The current strategy really positions electricity prices at levels that simply do not encourage businesses to locate and grow in the province. For example, Sarnia-Lambton has been vetted by NOVA Chemicals as a potential site, among others in North America, for a new polyethylene production plant, a 1-billion to $1.5-billion investment, with good-paying construction jobs, good operating jobs and spin-off for the community. They would be ideally suited for our community and for our province.

One of the few impediments to a decision to have this plant locate in Sarnia-Lambton, however, is the present and projected cost of electricity in the province. Ensuring competitive energy costs that help create an economic environment to attract business investments is a critical role that the Ontario government must accept.

The provincial government's approach is sound in its support for innovation and technology and for the growth of our economy through global exportation of goods and services. However, its lack of support for the traditional manufacturing sector has led to a steady decline in exports.

Essential to the growth of innovation is a sound base where new approaches to traditional production capacity and efficiency shortcomings can be developed and applied to effectively face an increasingly competitive global market.

Ontario competes against jurisdictions where government intervention is moderated, labour costs are lower, excessive regulatory burdens and red tape have been cut, and incentives for job creation are ever-present. The provincial government must take definitive steps to support what remains of our traditional manufacturing and industrial sectors. This can be done through such measures as capital improvement incentives and with public policies that allow our businesses here to compete on a global scale and cost basis.

Job creation is particularly important to our Sarnia-Lambton community, where our region faces the highest unemployment rate in the province. Individuals and business are feeling the lack of opportunity and the tight constraints of this extended sputtering economy.

1020

For business, especially small business, it's becoming increasingly difficult to find additional ways of cutting costs. It's particularly frustrating when their tax dollars go to support a spendthrift provincial government. How can we sustain growth if the province fails to contain its costs and manage its deficit?

While deficit reduction and job creation are key issues of interest, we also wish to raise several other matters in connection with the upcoming provincial budget that are of concern to Sarnia-Lambton businesses.

We encourage the provincial government to reconsider its approach to funding infrastructure capital projects, such as hospitals. In our view, it's short-sighted to create new facilities and to consolidate operations while failing to also consider the cost of dismantling and repurposing the old infrastructure. Locally, the community's original hospital building, the former Sarnia General Hospital, stands boarded up and vacant. It is a half-million-dollar constraint around the neck of our community's hospital organization, a serious annual drain on provincial health care funding for our community with which the province refuses to come to terms. To rub salt in the wound, two nearby cities, London and Windsor, previously received full provincial funding for similar demolition projects.

Another concern chamber members have involves infrastructure investment in the greater Toronto and Hamilton area, which it seems can only be undertaken to the detriment of the rest of the province, and particularly rural Ontario. By what fair and transparent process do communities like ours remain eligible to pay for improvements in other municipalities but ineligible to receive similar provincial funding support for our own transportation and infrastructure projects?

Regarding taxes, the chamber has identified a means for the provincial government to offer some businesses sales tax relief. When the HST was introduced in July 2010, the government announced that input tax credits for certain energy, telecommunications and incidental costs by large businesses—this is generally with sales in excess of $10 million—would only be recaptured temporarily and would gradually be phased out completely by July 2018. We would urge the province to reaffirm in the upcoming budget its intended phase-out period.

Provincially arbitrated protection service employee wage settlements represent a substantial burden to small communities of Sarnia-Lambton and their ratepayers. It's especially concerning when one considers that wages for police, fire and paramedic personnel typically constitute 50% or more of their municipal budgets. Currently, contracts awarded by provincial arbitrators for major metropolitan areas are similarly imposed on smaller urban and rural communities, which simply don't have the comparable financial base or flexibility to afford them. To rectify the current inequity, provincial arbitrators should be required to take into account a municipality's specific economic and budgetary capabilities before determining an appropriate level of compensation.

Another concern for municipalities which is likely to impact the tax burden borne by our business members relates to the provincial changes to the Ontario Municipal Partnership Fund. The current year's reductions in the OMPF allocations announced by the province in November 2013 are significant. As a result, every small rural municipality in Lambton is facing reductions in these grants that will require their councils to either impose substantial tax increases or implement major reductions in services, each of which has a detrimental impact on our membership and the local taxpayers.

Like businesses and individuals, the Ontario government needs to live within its means now, sticking to the basics that over the longer term will keep the province on a positive growth trajectory. We challenge the Ontario government to incorporate those critical forward-looking elements in the 2014 budget. We can assure you that business would jump at the opportunity to actively contribute.

Thank you for your time.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you both for your presentation.

Donna?

Mrs. Donna H. Cansfield: Thank you. Can you please tell me what your unemployment rate is?

Mr. Pete Aarssen: It's high eights in this particular community, 11% in the region.

Mrs. Donna H. Cansfield: So 11% in the region?

Mr. Pete Aarssen: In the region, yes.

Mrs. Donna H. Cansfield: I just was curious. Thank you.

I enjoyed your presentation. I have a couple of questions. You identify that whole issue around regulatory burdens and red tape, and we've been doing that Open Ontario process and it has been very successful.

But having said that, you also indicate that the "government must take definitive steps to support what remains of our traditional manufacturing," and therein lies a challenge. You know, I've read a fair amount—I don't pretend to be an economist, so I'm just going by what I read—and virtually everything I have read has stated that the past is the past. Traditional manufacturing is not going to be what it was in the past. Manufacturing has evolved and changed, and there will be some, but there's a whole new process.

So my question to you is, what steps can we take? What do you think we can do? Because you're not going to keep your traditional. You can't compete with China; you can't compete with India; you can't compete with the southern US. You still want to give people a living, reasonable wage. So what steps do you think we can take?

Mr. John Elliott: Well, from our membership and our experience, we see that businesses are eager to meet new opportunities. One of the initiatives that the chamber has been encouraged to pursue, basically from our membership, is to look for educational opportunities and coaching opportunities to help local manufacturers access new international markets, to be able to understand how their traditional products and services may be developed further to be able to create a unique product that would be available.

I think what we're finding is that most of our members are just looking for tools. They're looking for tools to be able to measure against their own operations to see how they can change and how they can evolve to meet the demands of today. They don't see themselves as being stuck in a previous decade. They see that there are opportunities in a larger market, and in many cases, those current markets are Ontario-based or they're North American-based. In our area, a large portion of our products do flow to the south. But they are looking for great opportunities. They just need the tools and the support and the incentives to transition into that new marketplace.

Mrs. Donna H. Cansfield: What processes have been put in place in the past that could be eliminated or cut, to be put forward to the future? I mean, you recognize that we have an extraordinary deficit, and we have to deal with that; there's no question. In doing so, often you're going to have to rethink what's in place and apply it to something that's new. I think that's where the chambers can play a very critical role, because you have that sort of overview and you know what's in the past, what worked and what didn't. So I would be really interested—

Interruption.

Mrs. Donna H. Cansfield: —to hear what you've got to say.

Mr. Pete Aarssen: In addition, Ms. Cansfield, our members—to respond to your comments about the cost of producing a product or a service competitively, labour has come to the door and worked with us to lower their costs. Business has done a great job of fixing what they can control, their internal costs. But the cost of government, when it comes to the time required to produce the documents required to support the businesses they run, continues to be a greater percentage of their time, and time is money.

In addition to that, the cost of energy—I think you hear an undercurrent—it's not that you can eliminate this quickly, but perhaps a restructuring of these significant costs over a longer period of time might work, or looking creatively at how to provide the energy in a mixed fashion versus a leap to a different strategy entirely.

The cost of government to business seems—and it tangibly is—a greater proportion of both their dollars and time. But labour and the executives, or the decision-makers or the small business owners, are doing their best to control their internal costs. They're doing a great job.

Mrs. Donna H. Cansfield: Thank you. Again, I think where the chamber can play a pivotal role is in identifying that and then talking about moving it forward.

One last question: Arbitration comes up over and over and over again. It is an issue, and we need to be able to address it. How do you think we should address it?

Mr. John Elliott: We've identified a number of qualifications, I think, in our presentation that an arbitrator could consider in establishing a more practical benchmark for awards in various municipalities, and now we see that that benchmark really only applies in the larger metropolitan areas. The outcome of those awards is really then spun off to smaller communities.

1030

Mrs. Donna H. Cansfield: I remember that in the school board. It's the ripple effect, right?

Mr. John Elliott: Absolutely.

Mrs. Donna H. Cansfield: One gets it and then they think everybody can do it.

I really enjoyed your presentation, and I want to say thank you. I look forward to having a further discussion, and I would ask you that question, to really think through what you think we could do.

Mr. John Elliott: We'd appreciate that.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you very much for being here this morning. We appreciated it.

Mr. John Elliott: Thank you.

ONTARIO NURSES' ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning comes from the Ontario Nurses' Association. Is Karen with us? Good morning, Karen. Make yourself comfortable.

Ms. Karen Bertrand: Good morning.

The Chair (Mr. Kevin Daniel Flynn): You have 15 minutes, like everybody else. Use that any way you see fit. If there's any time, it will come from the Conservative Party.

Ms. Karen Bertrand: Okay, thank you. Good morning. My name is Karen Bertrand. I'm a registered nurse and vice-president for region 5 of the Ontario Nurses' Association, otherwise known as ONA.

My background in nursing includes 39 years as an RN, mostly in long-term care. I'm currently employed at the Sun Parlor Home in Leamington. As part of my board responsibilities for region 5 at ONA, I have direct experience and knowledge of nursing cuts and the impact on patient care in southwestern Ontario as a result of underfunding our hospitals.

ONA is Canada's largest nursing union, representing 60,000 registered nurses and allied health professionals, as well as 14,000 nursing student affiliates, each of them providing quality care every day in our hospitals, long-term-care facilities, public health, the community, clinics and industry.

Registered nurses are extremely concerned about the extent of understaffing that exists in hospitals in southwestern Ontario and the resulting impact on quality care for our patients.

In ONA's region 5, registered nurses have identified significant challenges to the delivery of safe and quality patient care as a result of ongoing restructuring of clinical services, overcapacity in units and the implementation of staffing mix models that have replaced RN care with less qualified staffing.

These changes in the delivery of patient care are being implemented solely as a result of budget constraints and not for clinical reasons.

First, let me reiterate the basic facts on the extent of RN understaffing in Ontario. The ratio of RNs to 1,000 Ontarians is the second-lowest in Canada. Ontario has seven RNs per 1,000 population compared to 8.3 for 1,000 population in the rest of Canada. The difference creates a significant gap in RN care for Ontario. In fact, it means we need to fund a plan of action to hire over 17,000 RNs in Ontario just to stabilize our care with that provided in the rest of the country.

This morning, I wanted to provide you with some examples from southwestern Ontario that demonstrate the dire need for more registered nurses in our hospitals to meet the increased care needs of complex and unstable patients.

When you talk directly with Ontarians, they do tell you that they experience the lack of enough registered nurses every time they seek care in an emergency, recover from surgery, or seek other clinical treatments and care.

The state of RN staffing in our hospitals is creating high-risk situations for our patients, is firmly on the minds of many Ontarians and is becoming a serious point of conversation in our communities. There is extensive evidence in support of higher RN staffing levels in hospitals and improved quality of care outcomes for patients.

From the evidence, we know that higher levels of RN staffing in hospitals are essential to care for patients with complex and unpredictable conditions. Adding one patient to a nurse's average caseload in acute care hospitals is associated with a 7% increase in complications and patient mortality.

RN staffing is associated with a range of better patient outcomes: reduced hospital-acquired pneumonia, reduced hospital-acquired bloodstream infections, and length of stay and readmission rates. In Ontario, however, two years of frozen base funding for hospitals has resulted in the elimination of millions of hours of RN care. In one year alone, from 2012 to 2013, more than 1.5 million hours of RN care was cut from Ontario's health care system, completely ignoring the evidence that links RN care to improved patient health outcomes.

The underfunding of our hospitals results in RN cuts and hurts patient care. As an example, the hospitals in London are experiencing critical over-census in all areas due to a high volume of patients requiring admission to in-patient units. The adult emergency departments have also reached critical capacity levels. This is certainly consistent with the fact that Ontario has cut the number of hospital beds significantly. Over 19,000 hospital beds have been cut since 1990, which is the lowest number of hospital beds per capita in Canada.

Currently, at London Health Sciences Centre, occupancy rates at the University Hospital site are at 111%, and 108% at Victoria Hospital. The medicine units at both sites are at 141% occupancy. Sub-acute units are at 170% occupancy at University Hospital and 131% at Victoria, and mental health at Victoria is currently at 111% occupancy.

The hospitals are requesting clinicians to assess patients in areas of high occupancy for discharge to the most appropriate setting, in order to create capacity in in-patient clinical areas. Basically, that means kick the patients out because there are not enough beds and there are not enough nurses.

Each clinical area, including medical, surgical and mental health outpatient units, is being assessed for potential cancellations in order to create stretcher capacity or to free up nursing staff to be deployed to other areas. In lay terms, this means that hallway nursing and not enough nurses are creating chaos for patients in hospitals. The safety of our patients is at risk under these escalation strategies. Elective surgeries are being cancelled. Emergency patients are being redirected. Regional referrals are being restricted, except for the most critically ill. Patients are being repatriated back to community hospitals that are already over capacity and understaffed.

In 2013, at Sarnia's own Bluewater Health, the hospital has eliminated 38 full-time and part-time positions. That's an annual loss of 75,000 hours of RN care for our hospital patients.

One study balanced the costs of increasing nursing staff in US hospitals with the associated cost savings that might be achieved by reducing adverse outcomes and length of hospital stays, and avoiding patient deaths. They concluded that raising the proportion of nursing hours given by RNs resulted in improved patient outcomes and reduced the costs associated with longer hospital stays and adverse outcomes compared to other options for hospital patient care staffing. A further study has shown that improved patient care from additional RN staffing prevents hospital-acquired complication—it actually mitigates complications through early intervention—and leads to more rapid patient recovery, creates medical savings and shows the economic value of professional RN staffing, let alone the impact on lives.

Ontarians want the government to make health care a funding priority. Ontarians want government to protect this funding envelope from cuts. Ontarians believe health care is government's most important service, with 90% of Ontarians agreeing that reducing the number of RNs would really hurt the quality of the health care system.

ONA is calling on the government to end underfunding of our hospitals. We're calling on the government to fund a multi-year plan to hire and maintain RN positions, to make significant progress in reducing the RN-to-population ratio gap of more than 17,000 RNs in Ontario compared to the rest of Canada.

The simple fact, based on the evidence, is that the health outcomes for Ontarians in hospitals suffer when fewer registered nurses are part of the staffing mix to provide quality care. Patients are put at risk. And as we have seen, the nurse-to-patient ratios are unsafe, unmanageable and dangerous for patients. Patients in acute care have complex medical issues, with multiple health conditions that require the broad scope of practice, skills and experience that RNs bring to the care they are trained to provide.

It appears an understaffed nursing model is being implemented to balance hospital budgets and is taking precedence at the expense of the care patients receive. Hospitals are experimenting with alternative staffing due to extreme budget constraints, but it is clear from the evidence that alternative staffing models cannot replicate the level, nature and complexity of care provided by RNs.

The overcapacity conditions in southwestern Ontario hospitals verify what ONA has been saying for far too long: There are not enough RNs staffing our hospitals.

It is time for the Ontario government to implement a plan of action for RN staffing to deliver quality care to our hospital patients. Immediate changes to the funding model for hospitals are essential to properly staff hospitals to meet the care needs of increasingly acute patients.

1040

Our recommendation for government to invest in our hospitals and in RN care to meet the needs of Ontarians is submitted with the goal of ensuring that the care is there when our patients need it. Our patients in southwestern Ontario deserve no less care than the rest of the country. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you for your presentation, Karen. You've left between four and five minutes for questions. Toby?

Mr. Toby Barrett: Thank you, Chair, and thank you for your presentation. Some of the statistics on hospitals across Ontario, is that reflected in the hospital in Leamington? Do you have these dire circumstances in the Leamington hospital?

Ms. Karen Bertrand: In Leamington? No, I don't have the statistics coming out of there. It's generally the stories that we're hearing across the province. Certainly in our small rural hospitals, capacity issues are definitely an issue, and when our tertiary centres are at overcapacity, there is nowhere to direct these patients for their care.

Mr. Toby Barrett: In the larger cities.

Ms. Karen Bertrand: Yes.

Mr. Toby Barrett: You mentioned the number of nurses in your union, and I appreciate what you're saying about the crisis in some hospitals. Of the total number of nurses in Ontario, how many are actually working in hospitals? What percentage?

Ms. Karen Bertrand: It would be the greater percentage. I'm trying to just come up with a number. I'm thinking, for the most part, our membership is hospital based, so this is a best guess: It would probably be—around 48,000 would be hospital-based nurses. I'm trying to think about the numbers that we've got in long-term care and just subtracting it down from the 60,000. I don't have a firm number, but I could certainly get that for you.

Mr. Toby Barrett: Yes. So 48,000 nurses are actually working in hospitals.

Ms. Karen Bertrand: In unionized hospitals. There are still some, a few—SickKids in Toronto is not unionized.

Mr. Toby Barrett: Yes. As far as deliberations with the finance committee, is there more room for, say, nursing assistants and various VON registered nurses to play a role in hospitals? Is there more they could be doing?

Ms. Karen Bertrand: The other classifications in the nursing world are RPNs, registered practical nurses, and PSWs, personal support workers. In less acute settings, these are the best places for this level of training that these nurses have.

We are also advocating in our long-term-care submissions for four hours of care per day per resident. Of that, 0.78 would be RN care. The rest is talking about RPN, PSW—the supportive care—in settings that are less acute, where outcomes are more stable and predictable.

Mr. Toby Barrett: You mentioned nurses working in the mental health field. I know in my area, many nurses work with the CCAC. They're not necessarily doing nursing work, however. They seem to be on computers and things like that. Is there any direction at all for trained nurses—an incentive for them to work in a hospital doing actual nursing rather than, say, CCAC work or mental health work, to try and meet this crisis you're talking about?

Ms. Karen Bertrand: The CCAC registered nurses are doing case management, so they are sort of the one-stop shop for the patients who are being discharged, as an example, out of our acute care facilities in directing where they will receive their ongoing supportive care in the community. So they're using their nursing skills, although not at the bedside in a hospital, but quite certainly using those skills in assessing the information that's coming in and what is going to be required for them in the community, and making the most of the prep—

Mr. Toby Barrett: I just wonder if they might be, given the crisis, better utilized, say, working in a hospital rather than working as a referral worker or a case management worker.

Ms. Karen Bertrand: No, I think we need registered nurses across the spectrum, absolutely. In all of these sectors, they play an important role, but most definitely the bulk of the registered nurses in our union is at the hospital bedside, on the front line.

Mr. Toby Barrett: Okay. I don't know whether my colleague has a question, if there's time.

The Chair (Mr. Kevin Daniel Flynn): It's going to have to be a very brief one, Doug.

Mr. Douglas C. Holyday: Well, very briefly, what would it cost to implement the changes that you're proposing?

Ms. Karen Bertrand: I'm glad you asked that question. We're actually proposing a multi-year plan. We firmly believe that if you invest on the front line you will get back in savings in several ways. You're going to have lower readmission rates, less complications, decreased infection rates, all of which get you savings on the back end. You're also going to see less illness and injury in your front-line registered nurses.

Mr. Douglas C. Holyday: How much?

Ms. Karen Bertrand: Don't know, but—

Interjection.

Ms. Karen Bertrand: Okay. I went over my time.

The Chair (Mr. Kevin Daniel Flynn): Let's say we'll figure it out.

Ms. Karen Bertrand: Yes. Thank you so much. I appreciate it. Take care.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today, Karen. We appreciate it.

MS. CHERYL CARD
MR. DARYL CARD

The Chair (Mr. Kevin Daniel Flynn): Cheryl Card is our next delegation. Come on forward. Cheryl and Daryl.

Ms. Cheryl Card: Yes.

The Chair (Mr. Kevin Daniel Flynn): Have a seat, Daryl. Make yourself comfortable. Like everybody else, you get 15 minutes. The mikes will turn themselves on for you, so you don't have to do anything. If you need any water, we can get you some.

Ms. Cheryl Card: I think we'll just start.

The Chair (Mr. Kevin Daniel Flynn): Okay. So you get 15 minutes. If there is any time left over, those questions will come from the NDP for you. It's all yours.

Ms. Cheryl Card: All right. Thank you all very much for this opportunity. I'm very grateful that my brother Daryl has chosen to co-present with me here today. I had a handout that pretty much outlines everything I have to say, so I really don't want to waste any time just reading it to you.

I thought that if everyone with a special-needs individual came forward with one example—just one—you could get a very clear picture of what we're up against. I really don't have the big, broad spectrum. I don't represent agencies; I represent one guy. Our example is based on the budget freeze from 2009 and the subsequent—I guess the reneging came first and then the freeze. There hasn't been a cost-of-living increase for several years.

It's the medical issues that seem to be our problem. They're not covered under any circumstance. With Ontario Works, we have been turned down on several items just because they weren't on the discretionary list of benefits. Our example recently—and timing is everything. This month, it's orthotics; last month, it would be something else; next month, it will be something else. But my brother has had orthotics, and they determined that instead of a two-year wait, we now have to wait for three years. His feet won't suddenly get better. It's an issue and he's dealing with it. But we got the same-worded prescription as what we had before, only this time it had to be worded differently.

I'd just like to point out that whoever is making these cuts and patting themselves on the back, it really just doesn't make sense. His diagnosis hasn't changed. If anything, it got worse because of the delay, but having a doctor reword something—I really don't understand how this makes a difference and I really don't understand how the recipient needs to be responsible for communicating the specific dialogue that Ontario Works needs from the medical community. I don't know what your experience is, but my experience has been that physicians don't really like to be told what to do, especially by the patients. I just feel that it's putting the onus on the recipient. I believe it's unfair. That's just our very brief example.

Daryl, Lord love him, has been supportive of me every time, but I get something in the mail and I don't understand it and I can't very well explain it to him. All he knows is that I'm trying to do the best I can. That's pretty much my example. I would really like for the reneging of five years ago to be fulfilled and the freeze to be lifted and adequate cost of living to be subsidized and these other nit-picky budget cuts that only cause stress on us recipients—I would really like for it to be a fair system. I realize that I might be reaching with something ideal here.

Anyway, that's it for my presentation. Thank you for your time. I would like to ask if my brother has anything to add. I'm not sure if he will.

Do you have anything you'd like to say, bud?

1050

Mr. Daryl Card: Well, my sister is right.

Ms. Cheryl Card: I don't know if you understood that, but I'll translate.

Interjection: Oh, yes.

Mr. Daryl Card: Yes, that's my sister.

Ms. Cheryl Card: Thank you, and this is my brother. He's very pleased to be here with me today, because he was excited that we could do this as a team. So here we are.

Is there anything else?

Mr. Daryl Card: I go to Goodwill London Road.

Ms. Cheryl Card: He works at Goodwill London Road.

Mr. Daryl Card: Yes.

Ms. Cheryl Card: And he's on his way there after we're done here.

Mr. Daryl Card: Yes, when we're done here, I'm going to go to Goodwill London Road for lunch later.

Ms. Cheryl Card: Lunch—it's important.

The Chair (Mr. Kevin Daniel Flynn): Yes, we're all looking forward to lunch.

Laughter.

Mr. Daryl Card: Yes, at London Road Goodwill.

Ms. Cheryl Card: He's going to have his lunch at London Road Goodwill. Okay. Is that it?

Mr. Daryl Card: Yes.

Ms. Cheryl Card: Okay.

The Chair (Mr. Kevin Daniel Flynn): Well, thank you for joining us here, Daryl, and thank you, Cheryl. Would you answer some questions?

Ms. Cheryl Card: You bet.

The Chair (Mr. Kevin Daniel Flynn): Okay. Michael or Peggy?

Mr. Michael Prue: Just a couple of questions. First of all, thank you for your presentation, because what you have done in this presentation is to bring it right down to human terms. We often hear from many of the agencies, but we don't often hear from the people who have been cut or who are finding it difficult, so thank you for that.

You have shown us the example of the orthotics. What other things may have been cut from Daryl over the last few years?

Ms. Cheryl Card: Again, I wish I had the facts in front of me, to speak on behalf of agencies, but I don't.

Mr. Michael Prue: No, no, I want to hear about Daryl.

Ms. Cheryl Card: Okay. How it has affected him is that they have cut back on his staffing support hours. This is significant. They come in late; they leave early. He lives with a more functional roommate, but still, if the toilet overflows, they don't know what to do. They can't reach anybody by phone. It's very significant. When you cut staff, you have to think of the small particulars of living day to day if you're in a position of wanting to have assistance, guidance or help and it's not there when you need it. That's the most affecting.

Like I mentioned about the medical expenses, we're very fortunate. We have a mother who has been very generous with her supports. We have chosen to treat Daryl alternatively. We don't take advantage of the prescriptions that he's allowed monthly, because he just doesn't react well to chemical prescriptions. It's a very expensive business, to live healthy.

I really don't think the medical things that we ask for are a lot, but when we get turned down, I kind of have to understand why. The explanations I've been given, to me, just are not sufficient. "It's not on a list." Okay, well, I went through Bob Bailey's office—thank you, Bob Bailey—to try and get items listed. How do I go about getting this very necessary medical item on your discretionary benefit list so that it is covered? There just wasn't a process. You know, even through his office, the answer was, "Too bad, so sad. You should have been here when the system was created in 1960." I just think that that's not a good system if you're not open to progress and meeting needs.

The orthotics was the more recent example that I just kind of went through this red tape, thinking, "Why?" Is there really that much fraud in the orthotics world, where people with normal feet are going to take advantage and get free orthotics? I just really don't understand it.

I would like to give you further examples, but at this point in time, I just don't feel the benefit of getting into private matters. I think I've given you enough. Thank you.

Mr. Michael Prue: No, no, that's fine. You also speak here about the staff having to do extra work, that that's why they're not getting to it. Has it been your experience that the staff with whom you and your brother deal—that there aren't as many of them as there once was? Is that part of the problem?

Ms. Cheryl Card: There's more work put on the staff administratively. We have a staff member who can barely say hi—runs in and shuts the door—because she's so piled with administrative forms and covering the butt of the agency, and doing everything that she has to do to make sure that all the t's are crossed and i's are dotted, that spending time is actually kind of lower on the list unless it's an emergency, unless we have someone in crisis. I will tell you that my brother does have some skin conditions. One of the things that is very important to him is if he's uncomfortable, he needs someone to put lotion on his back. If there's no one around to do that, then it just doesn't get done. That's the sad truth of it. I'm sorry; did I answer your question?

Mr. Michael Prue: I think you have. This is the finance committee, and we look at ways to put more money into budgets or take money out of budgets. Obviously, you think that there should be more money put in the budget to help people with special needs—

Ms. Cheryl Card: Staffing.

Mr. Michael Prue: —and staffing and—

Ms. Cheryl Card: Absolutely.

Mr. Michael Prue: Okay. Now, there is also another committee travelling the province the same week talking about people with developmental disabilities. Did you put your name down to talk to them?

Ms. Cheryl Card: I didn't. I didn't even bump into them. I got an email from someone on a different list who said, "Hey, did you know they're going to Sarnia?" I went, "No." "You should go." "Okay."

Mr. Michael Prue: I'm not sure if the other committee is coming to Sarnia. I don't know.

Ms. Cheryl Card: Well, I find it very difficult to leave town, so I'm taking advantage of this opportunity.

Mr. Michael Prue: So you wouldn't mind at all if we conveyed your message to the other committee?

Ms. Cheryl Card: Oh, please do.

Mr. Michael Prue: All right. Those would be my questions.

The Chair (Mr. Kevin Daniel Flynn): Wonderful. Peggy.

Ms. Peggy Sattler: Is there time?

The Chair (Mr. Kevin Daniel Flynn): Yes, there is a little bit of time left. There's about three minutes.

Ms. Peggy Sattler: Okay. I just wanted to ask a couple of questions about Daryl's experience with accessing housing and also accessing employment. We want to ensure that what we're doing with public resources is enabling people like Daryl and his roommate that you mentioned to access housing to live as independently as they can, and also to participate in the labour market in some way. So I wondered if you could just talk to us a little bit about your experience and any kind of recommendations you might have about what the province can do to assist in those areas.

Ms. Cheryl Card: Certainly. First of all, Daryl has been very fortunate. He might not look it, but he's a long-term member of this community. He's been working at Goodwill now for 19 years. He was very fortunate with the people who assisted him in the community prior to that. He was able to work in cafeterias and do dishes and clean trays. So he's had a really good experience with the various services that have been offered to him. This is in thanks again to his workers that went out with him, did his resumé with him, shopped him around. Again, this comes to staffing. That's the job.

In terms of housing, my goodness, we had quite a big tussle with our agency to get him into the right home and to get him, again, appropriate staff levels, because even though he had been adjudicated as requiring higher levels, the agency determined he would be a really good fit with these other gentlemen. His staff hours decreased and it really wasn't a good fit, and we couldn't get him out of this situation. It was years of me advocating and advocating to actually get him into a better situation than he was in.

I haven't been present for all of this. I've been here for the past eight and a half years, but prior to that there was some neglect that went on. I think that it's really important that everybody have an advocate in this situation, someone not agency-related, someone not government-related, just an advocate who can stop in and say, "Yes, your life is going great," or "No, we really need to do something here," because the agencies, God love them, are working on a budget, and if they can make things more convenient for themselves, they will. The priority is not the individual; I wish it was. But that is my whole advocacy campaign, and I'm pleased to present just one example of one individual.

I've been told several times that if only everybody had an advocate like me, then this would be a better place. Well, it's hard work, but yes, I really do believe that if you had one person who could just care enough to look at things objectively and say, "Yes, I know it's tough. But you know what? This person doesn't have a voice to fight for themselves, let alone know that they actually need this to do what's best for themselves"—did I answer your question?

Ms. Peggy Sattler: Yes. So for Daryl, having a job coach, someone who's there with him in his place of employment—

Ms. Cheryl Card: It's very important, yes—very important.

Ms. Peggy Sattler: And then some kind of advocate around the housing to make sure that he was getting a placement or a situation that met his needs.

1100

Ms. Cheryl Card: Yes, absolutely, because the agency determined on their own that this would be a good fit for Daryl. Then, when I came and looked at it, I went, "This is absolutely not a good fit for him at all." They didn't see it, or didn't want to see it, because it was convenient for the other individuals that they had to find homes for.

Ms. Peggy Sattler: Okay. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming, Cheryl and Daryl. Enjoy the rest of your day.

Ms. Cheryl Card: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Good luck at work today. Enjoy lunch.

Ms. Cheryl Card: Enjoy lunch. He saw them bring in the food.

The Chair (Mr. Kevin Daniel Flynn): Have some on the way out.

COMMUNITY LEGAL ASSISTANCE SARNIA

The Chair (Mr. Kevin Daniel Flynn): Our next presentation this morning is from Community Legal Assistance Sarnia: Andrew and somebody else, who will introduce themselves. Have a seat. Make yourselves comfortable. If you'd introduce yourselves for Hansard, that would be great. You have 15 minutes, like everybody else. Any time left for questions will come from the government side this time. The floor is yours.

Ms. Karen Mathewson: My name is Karen Mathewson, and I am a community legal worker and paralegal with Community Legal Assistance Sarnia.

Mr. Andrew Bolter: I'm Andrew Bolter. I'm the executive director, and I work there as a lawyer.

Ms. Karen Mathewson: We're a poverty law clinic funded by Legal Aid Ontario. We have been providing advice, representation, public legal education, community organizing and law reform services to low-income residents in Lambton county for over 25 years.

We have developed many connections in the community, including chairing the Poverty Reduction Network and the Community Homelessness Initiative Network. Membership in these networks includes social assistance recipients, the working poor, churches, health practitioners, social housing providers, employment programs, social service organizations and agencies, county government employees and interested citizens concerned about poverty.

Due to the nature of our work and our partnerships in the community, we are well aware of the difficulties and challenges that many people in receipt of low incomes face on a daily basis. One of the reasons we are here today is to express our concerns about how those difficulties and challenges will increase when the $42 million in transition funding under the provincial Community Homelessness Prevention Initiative runs out at the end of March 2014.

In 2012, the provincial budget eliminated the Community Start Up and Maintenance Benefit and the Home Repairs Benefit from Ontario Works and the Ontario Disability Support Program. It also reduced the funding for discretionary benefits under Ontario Works; we just heard from Ms. Card and Mr. Card about how that cap on discretionary benefits is hurting people in our community. Some 50% of the community start-up funds were combined with funding from five other housing and homelessness programs and transferred to municipalities under CHPI. The other 50% was earmarked for reducing the deficit.

The new initiative gives municipalities the responsibility and flexibility to respond to their communities' housing and homelessness issues, which is good. Communities understand and know what the needs are in their communities, so that flexibility is good for municipalities. However, reduction in funding and provincial policy changes have meant having to serve more people with less money. The limited funds are now spread over a larger pool of potential clients.

Our community faced a loss of nearly $1.8 million when the provincial government made the changes to the community start-up benefit and introduced CHPI. In December 2012, the government responded to province-wide concerns about the cuts by instituting a one-time $42-million transition fund to help municipalities deal with the loss of the community start-up benefit and the move to community-based homelessness prevention.

Our community's share of this fund was approximately $1.1 million, which was $700,000 less than the year before but better than the reductions we were facing before the transition fund came into effect. The funds run out in March 2014.

The Community Start Up and Maintenance Benefit provided funds once every two years to people in receipt of Ontario Works and Ontario disability benefits to maintain their housing. Essentially, it was a homelessness prevention program. The benefit helped people pay for first and last month's rent deposits, rent arrears, deposits on utilities and overdue utility bills, and helped people move to safer and more affordable housing.

The fact that many recipients in Lambton county rely so heavily on food banks is evidence that the social assistance funds they receive are insufficient to meet their daily needs, let alone pay for these large expenses. The food bank in Sarnia alone, just one of several in Lambton county, provides food to 1,800 people a month, 700 of them children. They also serve over 110 meals a day from their soup kitchen.

The people hurt by the cancellation of the community start-up benefit include women trying to move from transitional shelters into permanent homes after experiencing domestic violence, men trying to move from the shelter system into permanent homes, and people dealing with bedbug infestations. And it also helped people with rising energy costs.

When the government released the transition funding, our county put together a program that tried to emulate, as best as possible, the benefits provided under the community start-up benefit. Our new program is called the Municipal Residency Benefit. It's for social assistance recipients, but it falls short of the community start-up benefit that did exist due to the decrease in funding from the province and the absence of the mandatory nature of the benefits and the appeal rights that were lost when the community start-up benefits were removed from Ontario Works and the Ontario disability benefits. When the community start-up benefits were under the legislation, they were a mandatory benefit. If people were denied, they had the right to appeal to what's called the Social Benefits Tribunal. When community start-up benefits were taken out of Ontario Works and Ontario disability, people lost the right to appeal to the Social Benefits Tribunal.

Municipal transition to the Community Homelessness Prevention Initiative has been complicated by the new cap on discretionary benefits under Ontario Works. Lambton county has had to juggle between finding funding for discretionary benefits, finding funding for shelter programs and finding funding for rent and utility banks for the working poor and low-income residents not receiving social assistance. Those discretionary benefits that are now capped at $10 per case included things like dental emergencies, eyeglasses, prosthetic appliances, hearing aids, mobility aids, orthotics, burials and funerals. Ideally, the province should restore full funding for the Community Start-up and Maintenance Benefit and the Home Repairs Benefit and re-establish them as mandatory, appealable benefits under social assistance legislation. The province should also restore funding for discretionary benefits.

Restoration of these benefits would protect the most vulnerable people in our communities. At a minimum, the $42 million in transition funding to municipalities should be made permanent and indexed to inflation. While the $42 million will not replace the community start-up benefit, it will help many people with low incomes across Ontario secure adequate, safe housing and prevent others from losing their housing.

Mr. Andrew Bolter: With these programs we saw a direct, immediate impact on preventing evictions in our community and to help maintain social housing, stable housing and good housing. The upstream intervention saved millions of dollars. The cost of an eviction to a community is huge, and the cost to landlords is huge. So what's astonishing is that cutting these programs kind of flies in the face of the Ontario government's stated objective that poverty alleviation is one of its main goals, or has that changed? To those of us on the ground trying to salvage tenancies—and you need stable housing if you want to do other things in your life. If you want to look for work, stable housing is key. To those of us on the ground and to many constituency office workers who deal with this on a regular basis—I know we work with Bob's staff—it makes no sense to take this vital support away. So we ask you to look at these discrete things you can do, and immediately. It's low-hanging fruit. This helps communities keep people in housing.

With respect, we want more from our government. We want to see a discussion of values, and a transparent and real discussion in this process. When you craft the next provincial budget, we want to see a values statement. Values discussions are written off, it appears, in these kinds of budgetary discussions because somehow economics has been elevated to some kind of technocratic science of accounting and bookkeeping. We see the values behind budgets. We see them as hidden probably for a good reason, from the perspective of a government. They're hidden because to discuss them really exposes what we see is often very shallow doctrinaire ideologies that drive the game of politics when it comes to money.

1110

We have no more time for this shallow doctrinaire thinking. We need deep thinking based on looking at what is happening—and we see it at the front line—and based on fundamental democratic values and human rights, which are the right to food, shelter, work, economic inclusion, political inclusion, and to live with basic dignity, which is the foundation of the social contract and a civil society.

We're told that we live in the age of austerity and that the cupboard is bare and that mysterious forces beyond our control, like some kind of weather phenomena, have necessitated cuts to programs and cuts to subsidies. But what we all know, don't we—and I think we do—is that austerity has become a canard for a doctrinaire dismantling of the welfare state. I don't mean a welfare state in that traditional sense. I'm talking about a state that looks after people.

I'm quoting a guy—I read this in the Guardian, a great newspaper—and he's looking at the riots in Europe. What are the causes?

Well, he wrote: "Instead of it"—austerity—"being explicitly cast as a rewriting of the social contract, changing people's entitlements and changing the way the society establishes its legitimacy, the dismembering of the welfare state is presented as a technocratic exercise of 'balancing the books.' Democracy is neutered in the process and the protests against the cuts are dismissed. The description of the externally imposed Greek and Italian governments as 'technocratic' is the ultimate proof of the attempt to make the radical rewriting of the social contract more acceptable by pretending that it isn't really a political change.

"The danger is not only that these austerity measures are killing the European economies but also that they threaten the very legitimacy of European democracies—not just directly by threatening the livelihoods of so many people and pushing the economy into a downward spiral, but also indirectly by undermining the legitimacy of the political system through this backdoor rewriting of the social contract."

And make no mistake: This is happening in Canada. It's a little more subtle, a little more sleight of hand, perhaps. Where do we see it? Well, we all see it. We all look around.

I see a 20-year-old in Toronto being forced to work under the table because the business he works for pays $7 an hour and they don't want to be caught paying illegal wages. Why is he doing this? Because youth unemployment is so high, and the costs of education so onerous, that he has no choice. It's not just refugees who are working under the table because they have to.

I see it with my mother-in-law, who is labelled a "bed blocker," in a hospital because there's no bed in a long-term-care facility that can meet her complex needs.

I see it with my clients working three or four part-time jobs, without benefits, trying to raise kids and support families and cycling on and off welfare. And who are we subsidizing here with welfare? We're subsidizing businesses.

I see it when clients with mental health disabilities can't get on disability because there's no way we can find the resources—there's no way we can do it—to get a psychological assessment that they need to convince a tribunal that they are in fact disabled. When they go to a Social Benefits Tribunal hearing, clearly they're disabled, clearly they have mental health issues, but because we don't have a psychological assessment, they don't get through the door.

We think we don't have a poverty problem; we think we have a wealth concentration problem in our society. You need to bring back a fairer system of income redistribution, the one that we once had. It wasn't socialism. It was a fair system of income redistribution through a progressive tax system. You need to stop pretending that the revenue end of the equation is off the table. It shouldn't be off the table. Who put it off the table? The average citizen of Ontario didn't say, "Don't raise revenues." Maybe in the 905, there are a few people, but frankly, it's not what we're hearing.

One stat from Jim Stanford—he's the economist who works for the CAW. Yes, he works for a union, but he's a very bright man. I don't know if you've read his stuff. He wrote: "From the turn of the century until 2011, revenues received by all levels of government ... declined by" 6% of GDP. That's 43.2% to 37.5% since the turn of the century. This represented a loss of $100 billion in revenue, enough money to pay off all the deficits in Canada.

So stop telling us the cupboard is bare, and fix the structural problem in our tax system. Otherwise, you're going to be doing this forever, listening to different groups wanting their piece of the pie, and it's going to be very competitive. You need to fix the system and not deal with the little, tiny pieces of it. Of course, the tiny pieces come into play while you're doing that, but look at the big picture.

Successful countries put tax resources into programs that help people, like education, health, transit, daycare, Ontario Place—why did we close Ontario Place?—and have net surplus GDP ratios.

We need some big ideas, not the rearranging of deck chairs.

Interruption.

Mr. Andrew Bolter: If I may just finish; I'm almost done.

We need programs that help people build good lives, especially the most vulnerable, so stop cutting them. We need to return to the social contract. That's the bargain that we made to put some controls on the concentration of wealth and the concentration of power. We need to return to a progressive tax system. We need leaders who focus on big ideas and values, and on the fundamental purpose of democracy, which is, we thought and we still think, to build inclusive, vibrant and fair societies that are more than Monopoly games and free trade zones.

We're told we can't afford the big ideas and we have no choice but to ruthlessly cut spending. We know that is the big cynical lie out there. We know there's lots of money. It's just that we need to look at a fair system so everyone gets a piece of the pie. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Andrew, and thank you, Karen. Unfortunately, there's no time for questions, but a great presentation.

MR. JEFF WESLEY

The Chair (Mr. Kevin Daniel Flynn): Our next presenter this morning is Jeff Wesley. Jeff, if you'd like to come forward. I understand we changed your last name for the agenda but we've corrected it. Welcome.

Mr. Jeff Wesley: It's one of the nicer names I've been called.

The Chair (Mr. Kevin Daniel Flynn): You have 15 minutes; use it any way you see fit. Any time left for any questions will come from the Conservative Party. It's all yours.

Mr. Jeff Wesley: Thank you, Mr. Chairperson and honourable members. Good morning. My name is Jeff Wesley and I am here today as a citizen, father, grandfather, local health care advocate, current Chatham-Kent councillor and the last mayor of the town of Wallaceburg.

I sincerely appreciate and thank you for this opportunity. My topic will be the need for local and accessible health care in our small and rural communities. Although my message is about Sydenham District Hospital in Wallaceburg, I believe my comments apply to small and rural communities across Ontario.

In 1956, Sydenham District Hospital opened, and I was actually born there the year after, in 1957. In 1990, our community raised $2 million—I was involved in that—for needed upgrades. In 1994, 2003 and 2010-11, our community rose up, packed our local school with overflow crowds and made it very clear that our hospital stands for the tears, blood and sweat shed so willingly by so many over so many years. In my mind, no other hospital catchment area in Ontario has been as strong and passionate about a hospital as Wallaceburg, North Kent, South Lambton, Walpole Island First Nation and St. Clair township.

Why is Sydenham District Hospital so important to us?

(1) The central ambulance communication centre, with a helipad, is located on site, and our emergency department serves a catchment area of 25,000 people, including Walpole Island First Nation.

(2) It was previously announced by the Ontario government that there was a need to improve emergency services in rural and northern Ontario. Our 24/7 emergency department is part of that solution. Our emergency department is successful, and I give the credit to our ER doctors and nurses for that. In 2013, there were no staffing issues and the emergency department came in under budget.

(3) While the growth is occurring in the GTA, do not forget about rural Ontario. We have suffered from the loss of manufacturing jobs but our populations are also aging, are less healthy, and our need for services is increasing. Transportation linked with accessibility is a major issue and one that is addressed by local and accessible health care.

(4) Small and rural hospitals contribute to the local economy—jobs, taxes, purchases from local businesses, and they help attract new businesses that want those health care services in the community.

(5) Given the huge geographic area and the number of emergency room visits, the emergency department at Sydenham District Hospital is a core program and a necessary part of the Chatham-Kent Health Alliance.

Leadership is needed now. The Ontario government and members of all parties have the opportunity to step up and support new models for health care delivery that can address the unique needs of our communities. In making strategic, directed investments in smaller, rural communities, the government and all members of all parties can also signal a commitment to enhance quality of life and attract/retain talent and business, a signal that also shows that you have not abandoned small, rural southwestern Ontario.

1120

What is my ask of you today? Our hospital, built in 1956, is in the lowest quartile for building condition, one of the most deserving needs in all of Ontario. We need an infusion of resources to correct this.

First, we need dollars allocated to the Chatham-Kent Health Alliance Imagine project, particularly the new hospital campus-of-care initiative in Wallaceburg, and a decision from the Ministry of Health to approve moving forward to stage 2, functional program, and stage 3, preliminary design, where the community will be allowed the opportunity to have input into what services are provided, which in turn will provide a lot of comfort to the community. We had the approval from the LHIN in March 2013 and we are waiting for a response from the Ministry of Health.

This project is a unique partnership between the hospital, the community health centres in Wallaceburg and Walpole Island and the Canadian Mental Health Association. Emergency department services under this will be supported and enhanced.

Finally, while this is a $67-million project, there are many parallels to the recently announced funding for the south Niagara hospital. Like Niagara, our project delivers $3 million in annual cost savings, savings that can offset the funds needed to move forward. Like Niagara, our community is ready to do our share, both financial and volunteer effort, and rally behind a solution to our long-running health care concerns. Like Niagara, there will be an ask to Chatham-Kent council to get behind the entire Imagine project.

I'm not going to spend a lot of time on the next four slides, but I would just point out to you on the second slide that the long-term-care facility is a very dire community need and something that is also covered under this.

The third slide gives you an update on the project status. For those copies that came out dark, the two stop signs at the bottom indicate that government approval is needed to progress beyond that stage.

Finally, the communities in the catchment area of Sydenham District Hospital built and paid for our hospital. Prior to amalgamation within the Chatham-Kent Health Alliance, our hospital operated in the black and with no debt. We know how to get the job done and we are ready to get to work, but we need to be given the green light.

We are in the technology age, and technology can be very beneficial. Personally, I would respectfully submit that before we commit huge dollars to Cadillac innovations, we make sure that the needed Chevy of local, small and rural health care is working and properly funded.

I leave you today with a simple prayer from noted author Jean Houston: "Please allow me to be of benefit to someone or something today." With your support, we can cover off our commitment to do so here today. Thank you for this opportunity.

The Chair (Mr. Kevin Daniel Flynn): That's great, Jeff. Thank you very much for coming. Questions, Monte? You've got about seven minutes.

Mr. Monte McNaughton: Thank you very much. I don't think I'll take the seven minutes. Jeff, thank you very much. I can say, as the MPP for the area, you've been a strong advocate of the hospital for many, many years, and for small and rural hospitals right across the province, so thank you on behalf of the community for everything that you've done.

Mr. Jeff Wesley: I remember at council for Newbury he showed up at many of our hospital meetings and was very supportive.

Mr. Monte McNaughton: The minister is well aware of the project. I know the hospital sent the Imagine project to the health minister. I've delivered it personally to her as well. I was just wondering, on the project and just the health care system in general—I wondered what your views are of the LHINs and the money that sometimes we see being diverted from front-line patient care, whether it's administration of hospitals or LHINs.

Mr. Jeff Wesley: Two points on that, and just a little bit of history: When you look at both in 1990 when we raised the $2 million, and then in 1994, 2003 and 2010, when we had the massive public rallies, that was because our hospital was under attack. Our hospital, since that time, has really been, I would suggest, dying by a thousand cuts. We have had to deal with the local health integration network. They are part of the process. We need to work through that process and we've got their approval for this. But the one thing that I guess personally always kind of hurt me a bit with the LHIN structure was that there was always that comment that they were somehow local and it was somehow local decision-making. I've yet to find anybody involved with it who was local to my community in my area.

Mr. Monte McNaughton: True. Also, I wondered if you could just maybe update the committee on the most recent announcement—they're talking of up to 28 beds being closed, with 14, I believe, going to Chatham and 14 going offline altogether—and some of the other services recently that have been lost.

Mr. Jeff Wesley: Well, the reason why I'm here today in part is because we thought we had kind of reached a certain stable portion. We were waiting for this project to get funded, and then recently it was announced that there's going to be some further cuts. Really, what we're going to do is we're going to lose part of our lab; we're going to lose day surgery; we're going to lose outpatient surgery; we're going to lose complex continuing care beds, acute care beds. Really, what we'll be left with are some outpatient services, an emergency department and five family medicine beds that will support that emergency department.

Let me be clear: In my presentation today and where we see the process going, at the stage 3 level, where it becomes a design of the new hospital, that is where we really see the community is going to be able to have some input into what services we need and maybe what some of those services are that we need to get back.

Mr. Monte McNaughton: Great. I know I remember reading the history of the hospital, and I think the first dollar raised out of Wallaceburg was back in 1927 or something, so the community has been behind the Sydenham hospital for many, many years.

I don't have any other questions. Bob?

Mr. Robert Bailey: Yes, I just wanted to make a comment, Mr. Wesley. Thanks for being here today and for your advocacy. I know, ever since I've been elected, you and I have been in contact over health care issues, both at Sydenham and here in Sarnia–Lambton. You've been a great supporter of ours up here for the battles that we had with Charlotte Eleanor Englehart Hospital in Petrolia and helped us many times, attended rallies and meetings, and also with our goal to achieve a new hospital here in Sarnia–Lambton, Bluewater Health, which we did.

I encourage you to work with Mr. McNaughton and myself as we go forward. Hopefully, we'll be able to reach your goals.

You did a great presentation today. Thank you again for your advocacy and all the people you represent.

Mr. Jeff Wesley: Thank you. I appreciate that very much.

The Chair (Mr. Kevin Daniel Flynn): Doug.

Mr. Douglas C. Holyday: How close is the closest hospital to you outside of Wallaceburg?

Mr. Jeff Wesley: There is obviously a hospital in Wallaceburg. The Chatham-Kent Health Alliance is in Chatham, and that is hospital to hospital, probably about 40 kilometres. Then you have a hospital in Four Counties in Newbury, and you also have the Sarnia hospitals.

The thing I would suggest to remind everybody about is that the Sydenham District Hospital has a catchment area of about 25,000 people. That's not Wallaceburg alone. Wallaceburg is about 10,000, so we reach into Walpole Island First Nation, South Lambton, St. Clair township, and it is much further to go from any of those locations to another emergency department than what it would be to come to Sydenham District Hospital.

Might I add that I am very passionate about the emergency side of things because, as I'm sure a lot of you are, I am a grandfather. I have three grandchildren, and if there was ever anything that took place in our community where they needed those services, I'll be darned if I'm going to support them having to take an extra lengthy trip to get to some other emergency department when we have had, since 1956, an emergency department in our own community. That is one part that needs to be there going forward.

Mr. Douglas C. Holyday: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today. Great presentation.

Mr. Jeff Wesley: Thank you for the opportunity.

ALLIANCE iCOMMUNICATIONS

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is from Alliance iCommunications. David, if you'd like to come forward. Fifteen minutes, like everybody else. I'm going to pass the chair off in a minute. If there are any questions, they will go to the NDP this time at the end of your presentation.

Mr. David LeClair: Okay.

The Chair (Mr. Kevin Daniel Flynn): It's all yours.

Mr. David LeClair: Thank you very much for your time. My name is Dave LeClair. I'm CEO and owner of a company called Alliance iCommunications in London, Ontario. I made the wonderful drive down the 402 in the snow today. I appreciate your time.

The purpose of my coming here today is to talk about the impact of the elimination of the Apprenticeship Training Tax Credit program for contact centre positions. I guess I just want to give you a bit of an overview in terms of who Alliance is, first of all, what that elimination means to us, and most importantly, to make some recommendations to perhaps reinstate it with some significant improvements and changes in the qualifications.

1130

I believe I'm not the first individual to make such a presentation around contact centre positions, which I think speaks to the number of jobs in Ontario in the contact centre industry. I believe also that Larry MacKinnon from the LEDC was here earlier, talking generally about the importance of the contact centre positions in London specifically. I'm here just to talk about one company and the effect of it, that one company being Alliance.

Briefly, in terms of London and Alliance iCommunications, we have coined ourselves a London success story—not really well recognized; we don't do a lot of marketing, but I think we have gained a very good reputation in the city of London as an employer. We are a private company, Canadian-controlled. Myself and my wife, who is in the audience, own the company. We've been in business since 1994—20 years—providing services to many large and well-recognized companies in the contact centre space. We have 325 employees, so I consider myself to be representing 325 jobs at Citi Plaza in downtown London. Last year, our payroll for those 325 employees exceeded $8.2 million.

We believe we've gained a reputation as a professional workplace. I think the contact centre industry may have a bit of a negative reputation as a sweatshop and bums in seats and huge turnover. We're not that. There are employers out there providing good jobs, skilled jobs. We are one of those.

We pay our people as much as we can pay them. We pay them company benefits, as an example. Our COO formerly worked for TD Canada Trust and has told me that our benefit plan is better than TD Canada Trust's.

We were the winner of the Chamber of Commerce business achievement award, which I think speaks to our credibility as a company. Our reputation in the industry has really given us the opportunity to work with some great companies who have entrusted us to answer the phones on their behalf.

In terms of the impact to Alliance specifically on the elimination of the credit, the call centre industry, as you know, is extremely competitive. This may be a news flash, but Ontario is a very expensive place, relative to other locations in North America, to do business. That, I think, is the reality. I'm sure there are others who have stood before you to say that's why jobs are being lost, and there are closures in Sarnia, Belleville and London. A good example is TeleTech, which was right beside us. It had 1,500 employees. It closed the doors because it became more cost-effective to move elsewhere.

Without the credit to Alliance, you have two Londoners, two people who love London and don't want to move from London, loyal to London, questioning our ability to stay in London and be competitive. Quite frankly, we are better off financially just to shut the doors and move to South Bend, Indiana, or one of our other locations in the States.

To give you an idea of the cost differential between London, Ontario, and South Bend for us, if we did move to South Bend, at our current 325-person rate, we would save $1 million. So it's not insignificant.

I guess, having said that—and this is the first time I've ever made a presentation like this—we don't like to complain. We like to come with solutions and be problem-solvers. And I guess, as well, I think everybody here would agree that one of the key focuses is jobs in Ontario and training and having a skilled workforce. If those are the focuses, it seems to us, and Alliance, that it's kind of inconsistent to totally eliminate the credit, given the number of jobs that we offer as a company—and we're growing, by the way, and having a lot of success.

We're recommending that it be reintroduced for the three positions we've shown. In terms of the qualification changes, our understanding from talking to others—and maybe you can confirm it's correct—is that the major reasons for cancelling the program were the low completion rates, and abuse by several large corporations. We didn't abuse the program. We trained everybody; we paid for people to do the training. It was extremely successful for us in terms of attracting people and then training people.

But having said that, rather than just cancelling it totally, we're suggesting reinstating it with some changes.

The first big one is that the credit would only be paid to an employee who actually completed and graduated. If that's the issue, then the only money that's going to be paid is for people who graduate, so you've gone from what I've heard is supposedly a 10% completion rate to a 100% completion rate for people who earn the credit.

The second suggestion is to reduce the eligible credit period from 48 months to 24 months. You don't need 48 months in the contact centre industry to complete the training.

Then, the third recommendation is that only new employees hired after the employer has been approved will qualify for the ATTC. My understanding, again, is that one of the big issues is that big companies got a hold of this, had 4,000 people who had been with them for a while and enrolled them and just took the money.

So those are our suggested changes. With that, I just want to thank you for the time, and I welcome your questions.

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

Mr. Michael Prue: How much time do we have?

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

Mr. Michael Prue: Oh, my goodness, a lot. I don't know whether I need all of that, because as you so correctly pointed out at the beginning, this presentation or at least the recommendations have been made several times to us already. So I think we all around the table understand the concept.

Two things: First of all, you talked about if you went to Grand Bend, you'd save $1 million, but surely there are other problems in going to Grand Bend—

Mr. David LeClair: South Bend, Indiana.

Mr. Michael Prue: South Bend, sorry. I don't know. I guess it's because I'm so close. But surely there are other problems with going to the United States: the lack of health care and things like that that companies have to pay a great deal more for than they pay here.

Mr. David LeClair: That's not true. We actually don't have to offer any benefits in South Bend right now. With Obamacare coming in, there will be a cost, but the overall payroll taxes, if you will, and benefits in South Bend, to our experience, are no higher than in Ontario.

Mr. Michael Prue: Okay. That's just one question I have because usually one of the key advantages to companies locating in Canada, and Ontario in particular, is because we have a health care system which the Americans only dream of.

Mr. David LeClair: Yes. That's a good thing for the employee, but in terms of being competitive in the industry, that's not a critical element.

Mr. Michael Prue: And would the wages be the same in South Bend, as well?

Mr. David LeClair: No, and I think that's one thing—we do not pay minimum wage; we pay an average of between $15 and $20 per hour. The minimum wage in Indiana is $7.25. We don't pay minimum wage in Indiana either. But on average, when you look at the fully loaded payroll costs in London versus South Bend, South Bend is about $3 an hour less.

Mr. Michael Prue: So is that the majority of where the money would be saved?

Mr. David LeClair: That's where the—well, there are additional savings as well that we haven't talked about. As an example, rent at Citi Plaza is about $25 a square foot gross. In South Bend, we're getting it for $15. So there are a number of other savings, but specifically in terms of payroll costs, that's where the million dollars comes from.

Mr. Michael Prue: Okay. I think the only other question I have is that you have acknowledged that part of the reason that the government, the Liberals, took this extraordinary step in the last budget is that there were some people within the industry—not you, but some people within the industry—who were abusing it pretty badly, having employees qualify who didn't qualify, having rotating numbers of people coming in who never graduated, like thousands of them who never graduated, for which the government paid. Do you think that what is being recommended here would be sufficient to make sure that those types of—and I don't know what other word to use—shenanigans would cease and desist within the industry and people would be more like your company?

Mr. David LeClair: I think there may be other things that can be—I guess basically if you only pay it if they certify and they've taken the courses and you monitor the courses, then to me that would control it. That's the ultimate control, to me, is that you're going through the process. They have to complete the courses; they have to go through the certification. If the shenanigans happen and they quit before whatever, no money is paid.

I don't know all the abuse. I can't think of all the things they did wrong. All I know is that we took it as a real opportunity to attract people, as I said, retain them and add to the training. I think a huge part of this is that we already train them very well. This just allows us to enhance that training.

1140

I don't think I'm answering your question. I don't know all the shenanigans, and I don't know all the things they did wrong, but to me, if the program only pays if they're certified and graduated, it should be easy to audit that they did complete the courses, they did complete the certification, and only in that case would monies be paid.

Mr. Michael Prue: The member from London probably has a few questions.

Ms. Peggy Sattler: Yes. Thank you very much. Thank you for making the trek here today from London, for your work with the economic development corporation and for your contribution to the local economy.

I really want to understand the value of the tax credit to businesses. You said you have about 325 current employees. How many of those employees were brought into your company because, at that time, you had access to the tax credit?

Mr. David LeClair: We've been in business for 20 years, so we operated before without the tax credit. I think it really allowed us to do a number of things. It allowed us to actually pay our people more.

Ms. Peggy Sattler: Okay.

Mr. David LeClair: So, because of the credit, we consciously increased wages. It allowed us to price more competitively, because our business comes from selling our services to third parties, and to be successful in that, we have to offer value to those companies. So it allowed us to effectively sharpen our pencil and get more business.

I think you may have seen that we just recently hired 80 new people, which came from new contracts that we were awarded, partly because of the pricing that we were able to adjust because of this program.

Ms. Peggy Sattler: If the budget includes this change, and the budget goes forward, do you see your revised direction for this tax credit as enabling you to create even more jobs? Do you have a ballpark as to what this recommendation for a revised tax credit would mean in terms of jobs that we would see in London?

The Acting Chair (Mr. Bob Delaney): You have a little less than a minute.

Mr. David LeClair: Yes. I think, basically, what the credit does to us is it tilts the playing field. Without the credit, it tilts it to the US, and as we get business and we're growing—for example, this year we are projecting 50% growth. Our decision, really, in terms of the credit is, where do we handle that business? Do we handle it in the United States, now that we have facilities in the United States, or do we handle it in Canada?

I think what the tax credit does, and what Sheila and I want to do, is that we want to grow and add the positions in London, Ontario. My brother actually works in Dallas, Texas, as part of the business. We don't want to add them in the US. We want to add them in Canada, in London, Ontario. What I'm saying is that it tilts it to that growth, and the success we have will be translated into new positions in London.

We actually are at full capacity at Citi Plaza and are currently looking to expand into bigger facilities, but those plans are on hold in the context of these discussions.

The Acting Chair (Mr. Bob Delaney): Mr. LeClair, thank you very much for having come in. That terminates your time.

Mr. David LeClair: Okay, thank you.

CANADIAN NATURAL GAS VEHICLE ALLIANCE

The Acting Chair (Mr. Bob Delaney): Our next presentation will be the Canadian Natural Gas Vehicle Alliance: Alicia Milner. Have a seat. Make yourself comfortable. If you've been here for a while, you get the general flow of things. You have 15 minutes to make your presentation. If you leave any time left, there may be questions for you. In this round, the questioning will come from the government. Please begin by stating your name for Hansard, and proceed.

Ms. Alicia Milner: Great. Thank you very much. My name is Alicia Milner. I'm the president of the Canadian Natural Gas Vehicle Alliance. It's a privilege to appear here today before the committee and to represent Canada's natural gas vehicle industry. Our membership includes Chrysler, Shell, Enbridge Gas Distribution, and Union Gas, and one third of our members are Ontario-based employers.

Today I'll share with you the opportunity that Ontario has to reduce greenhouse gas emissions from one of its fastest-growing sources, encourage jobs in the supply chain for vehicles and stations, and ensure that Ontario's trucking sector remains competitive in the integrated North American market for goods movement.

Transportation is the single largest energy consumer and source of greenhouse gas emissions in Ontario. Within transportation, heavy diesel vehicles have one of the highest rates of growth. I would ask you to consider the graph on the last page—if you could turn to the last page—that shows how Ontario's emissions have grown since 1990, that top graph. While the province reduced total emissions by 3% since 1990, in this same period, emissions from heavy diesel trucks have grown dramatically, with an incredible 77% increase. According to Natural Resources Canada, energy use for heavy highway trucks is growing at four times the rate of energy used for passenger vehicles. Clearly, looking at that graph, while for passenger vehicles we want to make progress there too, it's not where we've got a big problem.

Every highway tractor on our roads emits about eight times as much greenhouse gases compared to a passenger vehicle. They're obviously high-impact vehicles, and they only make up about 3% of all on-road vehicles, but they contribute about a third of greenhouse gas emissions from the on-road sector. What's going on about it?

Across North America, the leading alternative to reduce emissions from heavy vehicles is natural gas. Natural gas provides up to a 25% reduction in greenhouse gas emissions using commercial technologies. In fact, there are more than 50 different factory-built models from all leading original equipment manufacturers.

Other jurisdictions are recognizing the importance of developing policies to encourage the use of lower-emission commercial vehicles. The province of Quebec was the first in Canada to provide an accelerated capital cost measure that allows for a rapid write-down of lower-emission natural gas highway tractors. British Columbia also has a progressive five-year program encouraging fleets to purchase heavy natural gas vehicles through a financial risk-sharing incentive. California, of course, leads all of North America in natural gas use for trucks and buses. The state is also proactively encouraging the transition from fossil natural gas to renewable natural gas produced from waste sources. Any natural gas vehicle can operate on renewable natural gas provided it meets pipeline standards, and this transition offers a near-zero emission alternative.

Natural gas isn't just about the environment, though; it can also help with job growth. Here in Sarnia, for example, Shell Canada is building the largest LNG production facility in eastern Canada, which will supply fuel both to the on-road heavy truck market as well as to the marine sector. New jobs at the plant in fuel delivery, and related infrastructure installation and maintenance, will be created. In addition, our member Westport now has a facility in Windsor to up-fit pickup trucks with natural gas fuel systems through a partnership agreement with Ford Motor Co. of Canada. Cambridge-based Shu-Pak Equipment recently produced its first natural gas refuse-truck body, which will open new sales opportunities for this Ontario company.

The other dimension of the job equation, though, is job retention. Natural gas can also play a role in ensuring that Ontario's trucking sector remains competitive and that jobs are not lost to surrounding jurisdictions. According to the Ontario Trucking Association, an estimated 200,000 Ontarians work in the trucking sector. Trucks haul 90% of food and consumer goods as well as 75% of Ontario's trade, by value, with the United States.

In the US, we're seeing the private sector moving rapidly forward with investments of more than $750 million to transform the landscape for energy use for heavy trucks. LNG refueling stations are being built on interstate trucking corridors, including in the northeast US. By switching to natural gas, truck fleets will reduce their fuel costs by up to 40% and also lower their emissions.

Again, if you refer to the last page of the handout, you'll see a map. This is the image that's the middle—sorry; it's a bit fuzzy—showing part of the network that one of the major fuel suppliers, Clean Energy, is building to supply natural gas as a fuel for heavy trucks. The little snapshot you see here, of course, is the northeast portion of their total US network.

Shell has also announced that it's going to be building a network of natural gas refueling stations along major interstate highways in the US. Having access to a lower-cost, lower-emission fuel will give American fleets a competitive advantage compared to Ontario-based trucking fleets.

1150

As with any transformation, change and stimulating private sector investment can only be built on market confidence in Ontario. The private sector is more than willing to invest to build the refueling station infrastructure needed so that fleets have access to natural gas, including investing in LNG refueling stations along the Windsor-to-Quebec City LNG corridor. In fact—again, final time, to that last page—you'll see that the first of seven stations is actually already in place in Cornwall, Ontario, and you see that on that final map, showing essentially seven LNG stations to cover Windsor to Cornwall for the Ontario portion of that corridor.

To go back to confidence in how we build it, the private sector can't do this on its own. We need support from government to send the appropriate signals, to demonstrate that natural gas offers a viable option for commercial vehicle fleets. Ontario can help to lay the foundation for significant investment in natural gas for transportation that can provide environmental, economic and competitiveness benefits through four next-step actions. I would emphasize too that these are all no-cost or low-cost recommendations.

(1) Recognize that natural gas is an important alternative for heavy vehicle fleets.

(2) Focus policy development efforts on the commercial vehicle sector. Passenger vehicles are important too, as is transit, but let's not forget commercial vehicles, given their high impact.

(3) Collaborate with the industry and the federal government to give fleet owners the information they need to evaluate natural gas as an option. We're not saying, "Pick one technology." We're saying, "Help us inform the market about their lower-emission alternatives." That's really fundamental to change, and we know change will take a long time in this sector too.

(4) Finally, a specific opportunity for Ontario is to participate on the Great Lakes marine LNG project. This is a project that's looking at barriers to LNG use as a marine fuel. Just so you know, LNG can reduce sulphur by 90%, NOx by 85% and particulates by 85%, and can also reduce greenhouse gas emissions, so, obviously, it's a really important opportunity to lessen the environmental impact of the marine sector.

In closing, Ontario has an opportunity to act by means of these no-cost/low-cost recommendations that can help to create market confidence and encourage the use of natural gas as a lower-emission alternative for the commercial transportation sector.

On behalf of industry, we would welcome the opportunity to partner with the province and to ensure that Ontario retains its competitive position in the rapidly changing North American market.

Thank you.

The Acting Chair (Mr. Bob Delaney): Thank you. We have about seven minutes for questions. Ms. Cansfield?

Mrs. Donna H. Cansfield: Thank you. I'm really interested: Are you working at all on what's happening along the 401 corridor with the natural gas stops?

Ms. Alicia Milner: At this point, there are individual members of ours who are doing things, and, of course, Robert transport has their own private station adjacent to the 407. But right now, in terms of the Ministry of Transportation and sort of a more collaborative approach to looking at that, there's nothing actively going on there.

Mrs. Donna H. Cansfield: Are you approaching MTO on that particular issue? The whole idea originally, when they took them all down, was to have a multi-approach to transportation and access to other fuels.

Ms. Alicia Milner: Right. I remember.

Mrs. Donna H. Cansfield: And you're saying that that has not really had a very fulsome discussion?

Ms. Alicia Milner: To be honest too, though, there has been a timing dimension to it. I know when all that work was done with MTO, at the time we said, "Yes, if there could be a placeholder for natural gas, that would be terrific." But we also had no LNG supply at that point. Now the LNG coming into Ontario is coming from Montreal, and once the Sarnia facility is online, we'll have our own local supply. So it's a little bit of getting things lined up so they're on the same timing.

Mrs. Donna H. Cansfield: What time frame are you looking at for the additional gas coming in?

Ms. Alicia Milner: The Shell facility here is probably, I believe, about two years away, in terms of being online, but there is also now a source of LNG coming in from upstate New York, so we do expect some announcements from our members over 2014. But in terms of will it be a coordinated execution along that 401 corridor, no, that's kind of the next step, I think, in terms of really engaging more seriously with MTO around that discussion.

Mrs. Donna H. Cansfield: I think it was—I'll use the couriers; I won't name names. They had very significant fleets that they were using natural gas in, and alternative fuels, and then some of that stopped when some of the programs stopped, and they weren't able to sustain them. But when you look at the reduction of the emissions, it makes so much sense—and also the economy part. In those discussions, do you see—

Interruption.

Mrs. Donna H. Cansfield: Oh, here we go again. Sorry about that. It's my family.

Do you see an opportunity where we could sit down and have a discussion with certain heavy transportation—David Bradley, for example, with logistics—bringing them to sort of a round table and saying, "Is there a way in which we could do a better job of supplying natural gas to these vehicles, primarily commercial vehicles?" I think there's a whole different approach to the individual.

Ms. Alicia Milner: Yes, for sure. I think something like that could be very helpful. Obviously, we do work particularly with the Ontario Trucking Association pretty closely.

The challenge with natural gas, too, though, is that this is really the second wave. The first time around, a lot of it really didn't stay in the market for a lot of reasons. Fuel price was really the big one at that point in time when it crossed over.

The other thing now, though, particularly looking at the medium and heavy vehicles, is that you've got the factory-built vehicles, although if there has been one hard learning, it's that one size does not fit all. I think that's true for electric. I think it's going to be true for hydrogen when it becomes commercial.

What we found on the natural gas side, because the infrastructure is expensive—and you need to use a lot of fuel to offset that upfront cost, so it's really the medium and heavy. For something like an urban delivery courier truck—Purolator or FedEx—electric or hybrid electric may very well be the best option for that duty cycle, so that has been one of the learnings for this industry.

But in terms of could the province help bring those fleet stakeholders together? Absolutely. That would be very welcome.

Mrs. Donna H. Cansfield: I think that makes a lot of sense. I remember that we had a natural gas hybrid, and the biggest problem was that there was no trunk space.

Ms. Alicia Milner: Yes.

Mrs. Donna H. Cansfield: It was gone. Even though I think it was one of those big Chrysler 300s or something, there was virtually no trunk space. I think that's probably one of the growing pains within the industry.

But I really do think that there's an opportunity to bring stakeholders together, because the other issue is promotion—

Ms. Alicia Milner: Definitely.

Mrs. Donna H. Cansfield: —and being able to say why this should happen. It is a clean alternative source; it is a less expensive source. And you're right: logistics have a huge cost facing them when they deal with the whole issue around the price of gasoline or diesel.

Ms. Alicia Milner: Yes, for sure. To be fair to the market, too, it's hard when you come back with a different story and say, "You know what? No, no. We're not having that focus. Now we have this focus."

One of the biggest areas of growth, actually, is natural gas garbage trucks. We've seen a major project go in in Barrie now, a major project in Hamilton and one in Ottawa, but I'd say that the level of awareness about all these projects even going on is very low across the province.

Mrs. Donna H. Cansfield: Oh, I didn't know, and I'm a huge supporter.

Ms. Alicia Milner: Yes. Unless it's your community—

Mrs. Donna H. Cansfield: Absolutely, but I'd be surprised if people in the community even know, so awareness is another part of it.

Ms. Alicia Milner: For sure.

Mrs. Donna H. Cansfield: It's the education, promotion and how to get the message out. I mean, there are a variety of ways to be able to do it, but it also gets people starting to talk about it from a different perspective than normal, from the stories like mine with the trunk, you know?

Ms. Alicia Milner: Yes.

Mrs. Donna H. Cansfield: I can't give up my trunk for a gas tank.

The Acting Chair (Mr. Bob Delaney): And speaking of awareness, you've got a little over a minute.

Mrs. Donna H. Cansfield: Okay. Anyway, I wanted to say thank you for your presentation.

Ms. Alicia Milner: Thank you.

Mrs. Donna H. Cansfield: It's one of those areas where we don't have a complete awareness, as you said, and I really do think that you should pursue getting MTO to the table and bringing all the stakeholders to look at how you can promote this particular alternative fuel.

Ms. Alicia Milner: Yes. Thank you for the suggestion. We'll certainly follow up on that. I appreciate that.

The Acting Chair (Mr. Bob Delaney): And thank you very much for having come in to present to us today.

This committee is in recess until 1 o'clock. For committee members, you'll find your lunch in the east hall, just across from here.

The committee recessed from 1158 to 1300.

ONTARIO PETROLEUM INSTITUTE

The Chair (Mr. Kevin Daniel Flynn): Okay. If I could ask the members to take their seats, please. It's 1 o'clock.

Our first presentation this afternoon is Hugh—if you'd come forward—from the Ontario Petroleum Institute. Introduce your guest. Hugh, you've got 15 minutes like everybody else. Use that any way you choose to use it. If there is any time for questions, it will come from the Conservative Party this time. Welcome.

Mr. Hugh Moran: Good afternoon, Mr. Chairman. Thank you for the opportunity to be here. Good afternoon, members. I'd like to take a moment to introduce Ian Veen. Ian is with Black Creek Well Service, and he is a recently elected member to our board of directors.

Mr. Chairman, if you want to cut us off after 10 minutes or so, I'm fine with that—I'll try to get to the end; you'll give me a little bit of a warning—because I would like Mr. Veen to offer some comments and remarks as well, and we would, obviously, hope that our presentation will invite some questions so we can have a bit of dialogue as well. We're quite comfortable with that. Thank you very much.

The Ontario Petroleum Institute is an industry association that was founded in 1963, and it represents companies and individuals that are involved in oil and natural gas production in Ontario, hydrocarbon storage, and salt solution mining. Our members include commercial oil and gas companies, natural-gas-producing companies, drilling contractors, well and oilfield services, geologists, geophysicists, engineers, environmental consultants, financial/legal services, land services, and the various trades and utilities parts of the sector.

Oil and natural gas are important parts of Ontario's economy, and this energy is produced primarily in southwestern Ontario. Commercial oil and natural gas producers have supplied energy, through both historical and modern methods, to oil refineries since the 1860s, and to natural gas distributors since the early 1900s.

If you look on page 3 of the handout that I gave, you'll see that through counties and municipalities throughout southwestern Ontario—there's a diagram there that indicates where the production is of oil and where the production is of natural gas.

Presently, about 120 companies of differing sizes produce oil and natural gas in the province. The sector is regulated by the government of Ontario through the Ontario Oil, Gas and Salt Resources Act, which is administered by the Ontario Ministry of Natural Resources.

Exploration and production of oil and natural gas have changed dramatically in Ontario in recent years. If you look on page 4, you'll see in this graph that in 1996, Ontario produced close to 1.8 million barrels of oil and 16 billion cubic feet of natural gas, for a combined value of $160 million. In 2012, our most recent figures—the 2013 figures will be out in the next couple of months—the industry produced less than 500,000 barrels of oil and half as many cubic feet of natural gas—around eight billion cubic feet—with an estimated value of around $60 million.

One of the challenges of this industry is to try to reinvigorate the industry and get those production numbers back up to those levels or beyond. If we did that, if we had those same production levels today, we'd be back to the $160-million revenue generation that happened back in those years.

A little different situation: For instance, if you look at the graph, in 1990 oil was probably half the price that it is today, and we had twice the production. In natural gas, for example, back then the price was twice what it is today with probably half again as much production, so pricing is part of that. But that's just a bit of an indication as to the variabilities that exist in the market.

In addition to oil and natural gas production, we've got about 7,000 cubic metres of natural gas hydrocarbon storage and 3.5 million cubic metres of hydrocarbon storage, for a total value of about $2 billion.

If you go to page 5, in 1998 we drilled about 40 wells in Ontario. Natural gas: close to 70 wells in 1998. In 2012, just a handful of oil and gas wells were drilled in Ontario. That's a key and very important number to look at. There are a variety of reasons for that decline: competition elsewhere, prices, and issues around energy policy and development.

Our purpose today is not to necessarily elaborate on those issues but to talk about addressing some of those issues. We look at oil and natural gas production, and it represents, in our view, an economic growth opportunity for the province.

The Ontario companies producing oil and natural gas for the most part are profitable companies, but the sector, not unlike the Ontario economy itself, needs to reinvigorate itself to return to previous production levels, as I've pointed out. It will take more than Ontario-based companies, in our view, to do this. While they're an important aspect of that, it will take having companies from outside the province come back into the province or come into the province to partner up and work with our existing companies to try to stimulate that oil and natural gas production.

It's estimated, if you go to page 6, that 50% of the original oil and natural gas reserves that we started to produce in the late 1850s still remain in Ontario. So it brings the question that if we have this level of reserve and we're importing into Ontario 99% of our oil and natural gas—this sector at the moment provides Ontario companies and consumers with less than 1% of its natural gas needs. If we have 50% of those reserves remaining and we have experienced companies here that are prepared to do this and we need to work on some of the ways to get that stimulated, does it make sense, from a public policy perspective in Ontario, to support energy, oil and gas production in the province beyond the levels that we're at now? I think it's an important question to ask. If the answer to that question is yes, then how do we do that? How do we work together to do that, both the government, from a public policy perspective, and the industry itself?

Drilling is a capital-intensive business. Our current president, a gentleman by the name of Morley Salmon, who owns a company called Liberty Gas, compares it quite often to housing starts. If we look at economic indicators, housing starts are always a key one because housing starts stimulate everything. If we stimulate drilling starts in Ontario for oil and natural gas, and if you look on page 1 and you look at all of those members of our association who are involved, the more drilling starts that we get going, the more work there is available for all of those folks. If we don't do that, we're not going to have those folks available to provide that kind of service that we need.

The Chair (Mr. Kevin Daniel Flynn): You're getting close to the five-minute mark, Hugh, just so you know.

Mr. Hugh Moran: Okay. Thank you.

The industry is a viable stakeholder and wants to contribute to the Ontario economy, and it has done so for some 150 years at various levels. It is a safe, reliable, sustainable business that wants to continue to contribute. There are various ways that we can do that, but the fundamental part of this is to encourage the government, from a public policy perspective, to support future exploration and development.

1310

We're not particularly specific today with what we might talk about that the industry could use for support, and the industry has its own work to do in setting out a strategic plan, which we are working on. In working with the government, we expect soon to be able to form a working group with various ministries, including energy, environment and economic development, to work on possible ways to be able to stimulate, if you will, Ontario's own oil and natural gas patch.

That could include a key item in being able to determine where the energy is and hopefully get to that energy. Obviously, it's seismic activity that gives an indication as to where some of these reserves are. The reserves are there. It's important to be able to pinpoint where they are. Then, of course, once you start to drill a well, as I mentioned earlier, you're getting into lots of costs, and there are lots of risks.

Are the benefits there? Yes, the benefits are there in many ways, which we can talk about, whether it's energy, jobs, revenue for companies, investors, taxation—all those kinds of things.

As I mentioned, we certainly want to work and cooperate with the government on some of these initiatives, and we look forward to any assistance, advice or recommendations that you can provide the Minister of Finance, whom I had the opportunity to make a presentation to last year. I indicated to him that we were one of the organizations that hoped that we could help him fund the deficit that he is looking at and is being challenged to turn around.

I'd like to ask Mr. Veen to offer a few remarks of his own as well, and then we would obviously look forward to any questions that you'd be inclined to ask.

The Chair (Mr. Kevin Daniel Flynn): Okay. You've got about three and a half minutes left, including questions.

Mr. Ian Veen: Good afternoon. I don't think I'll need the three and a half minutes. I think he has covered pretty much everything.

The only thing is, if we don't stimulate this part of the economy, we're going to lose the services, businesses are going to start folding up, and I think that's the last thing we want to see here in Ontario.

I encourage everyone to give it some thought on how we can go forward. My thoughts are, if there's a drilling incentive, if the government can come up with some sort of a tax rebate, I think that would be a good start. And I think some of the businesses that are already here should also get a tax break. We're not working, so we've got to do something to get us back to work. Really, that's the bottom line. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Perfect. Do you want to go to questions?

Bob.

Mr. Robert Bailey: Yes. Thank you, Mr. Moran, and Ian as well, for coming in today and presenting. I know the industry very well, having been born and raised in Lambton county. As a young man, I worked in the same industry with many colleagues here from Sarnia–Lambton and, of course, out in Oil Springs and Petrolia, where you are from, Ian. I know your business as well, and I know a number of people who have either been downsized out of the industry or have just closed up shop or had to go west.

Like you say, I certainly would encourage—if you guys could put some ideas together and forward them on to the Chairman of the committee and also the Clerk, I know we'd be willing to take those forward with the minister. I'm certainly supportive of it.

I know the jobs that it has brought here to this community, both in the larger sense, in the petrochemical business and in the refineries, but also in the smaller businesses. You said you employed about 1,000, but I think there are probably 3-to-1 jobs. When those individuals are working, there's probably another two or three jobs: in restaurants, selling fuel, and repairs to vehicles as well. So it would certainly add to the whole economy.

Mr. Hugh Moran: Thank you, Mr. Bailey.

The Chair (Mr. Kevin Daniel Flynn): You've got about a minute left.

Mr. Hugh Moran: Okay. I think the important item—it's all about money and not about money—is about confidence. Indeed, if the government looks at this sector and thinks, "There are opportunities here that can help to stimulate and express that confidence"—we have work to do ourselves as an industry and industry association. Part of our objective this year is to promote the industry outside of Ontario, because the companies that are here—we talk about capital-intensive and all those kinds of financial risk—are open to have partners come here. But I think we can all understand that if someone wants to come here to do business, they want to feel comfortable and have confidence that they'll be able to do business here. There are various challenges with regard to drilling and production and those kinds of things, but that's fine. We're up front and want to be proactive in working with the government to do that. Collectively, we think that it has potential to be beneficial all around.

The Chair (Mr. Kevin Daniel Flynn): Wonderful. Thank you very much for coming today, Hugh. Thank you, Ian.

Mr. Hugh Moran: Thank you for your time.

Mr. Ian Veen: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Good presentation.

ALLIANCE OF ONTARIO FOOD PROCESSORS

The Chair (Mr. Kevin Daniel Flynn): Our next delegation is no stranger to these types of proceedings: former Speaker Steve Peters. Welcome, Steve.

Mr. Steve Peters: Thank you, Mr. Chair, and to the committee members, welcome to southwestern Ontario.

I appreciate the opportunity to address the committee today on behalf of the Alliance of Ontario Food Processors. There are over 3,000 food and beverage manufacturers located in the province of Ontario. Over 40% of that industry is in the greater Toronto area, which may be hard to believe. Mr. Holyday's and Ms. Cansfield's ridings in particular are home to many of Ontario's food processors.

The industry is predominantly small and medium-sized enterprises. Over 90% of the industry is less than 100 employees. A lot of the high-profile companies, some of those that have been in the news of late, represent about 1% of the industry in Ontario.

It's an extremely important part of the economy. Whereas oftentimes people think our economy drives on four wheels, we like to say there's an important engine that drives it, and that's the food and beverage sector: over 3,000 manufacturing facilities, with 125,000 employees, located all across southwestern Ontario. It contributes about $39 billion a year to the economy and over $5 billion in municipal taxes.

I think another important thing is that it adds value to what Ontario farmers produce and grow. Over 65% of everything that is grown or produced in the province of Ontario has value added to it by Ontario food and beverage manufacturers.

We do face some challenges within the sector. We've seen some high-profile announcements of late from Heinz and Kellogg's, and those are going to have a very significant impact on the economy of those communities but also those spinoff jobs that are associated with it.

But as much as we have some challenges, I think there are some tremendous opportunities with this sector. We know that we grow and produce some of the most healthy food in the world. Our food safety systems that we have in place are the envy of most countries in the world. It's why, in Mr. Berardinetti's riding, as an example, a company from China has purchased a baby-food plant to produce product here, because of the high reputation that that product will enjoy with the emerging economy in China.

We felt it was important, as an industry, to chart where we're going and where we've been, and we produced a report this past October. Instead of going out and consulting again, we pulled 125 reports off the shelf and looked at what people had already been saying for the past 10 years. What they've been saying today really isn't much different than 10 years ago: There is opportunity within this sector, but we need to make sure that we have partnerships with all levels of government.

One of those areas is certainly in the regulatory environment area. We commend the province for what they've done with their Open for Business initiative, but we know that there's a lot more work to be done on the regulatory front, and certainly we need people to be specific on some of those regulatory issues. When we talk about the regulatory environment from a food processing perspective, that environment also includes the municipal and federal governments as well. Many of the rules, whether it's through the Canadian Food Inspection Agency or Health Canada, impact labelling; from a federal initiative, impact on the industry. A lot of municipal bylaws etc. also impact the industry.

We would be encouraging the province to take the Open for Business initiative further and find a way to engage the municipal and federal governments so that for all manufacturers, whether it's food processing or others, there would be one stop to deal with, instead of a multi-window approach in trying to deal with the regulatory environment.

As well, we commend member Bob Bailey and his work with the Local Food Act for getting the tax receipt for the farmers. We also believe we could take that a step further. Ontario food processors have been generous supporters of Ontario food banks over the years, but we realize we could do more, and we think that taking Mr. Bailey's amendment that was made to the Local Food Act and finding a way to engage food processors through some sort of a tax receipt system could better support our food banks across Ontario. So we would encourage you to take that a step further.

As well, the Alliance of Ontario Food Processors is part of a coalition of Ontario manufacturers dealing with competitive hydro rates in the province of Ontario. There are a number of input challenges facing the food sector. The parity with the American dollar has certainly been a challenge; we'll see some changes there. But a lot of those input costs are challenging as well, and those input costs can include anything from water to gas to electricity and labour and so on.

1320

We are supporting the Coalition of Ontario Manufacturers in their efforts to try and see an industrial power rate established for the province of Ontario. We think that could go a long way to help level the playing field and help support Ontario manufacturers going forward.

As well, I'd like to address another area. It relates in some ways to the job losses that we've experienced in Leamington and London of late, and a number of other losses that we've seen within the food and beverage sector, and that is what we need to do to retain our industries here in the province but also to attract new investments here in the province of Ontario.

As I said earlier, historically the focus of governments of all stripes has been to support the automotive industry. I come from an area that has seen the loss of the auto industry and how important it was to the economy. But far too often, the food and beverage sector has been overlooked. We've been one of the bright lights in an economic downturn since 2008. We've actually enjoyed growth within the sector. There has been a lot of attention paid to investments being made in green energy and investments in the auto sector. We think the time has come for the development of a processor retention or attraction fund, a multi-pronged fund ranging anywhere from $100 million to $150 million over three years, that would help companies make investments in innovation and productivity. We think that there is some tremendous opportunity to move forward with a retention-attraction fund. There are programs in place—Growing Forward 2 provincially and FedDev Ontario—but we feel that a dedicated fund from the province of Ontario could go a long way to help to encourage new investment.

As I said earlier, 65% of everything that is grown or produced adds value. As we talk about wanting to encourage new processing opportunities, maybe some things coming out of the Local Food Act—again, because such a large part of the sector are small and medium-sized entrepreneurs, we think that programs put in place could be very supportive to help the industry move forward.

We're excited about the opportunities that exist within food processing. As I say, every one of your ridings has a food processor in it. It may be a small family-run operation to a large multinational, but we need to make sure that we're focused on all of them. There's some tremendous work going on within the city of Toronto through the Toronto economic development and Michael Wolfson, who is responsible for their food industry; there are some interesting initiatives going on there.

As I like to say, we have all the ingredients in this province of infrastructure: We have the people; we have the farmers; we have the municipalities; and we have amazing post-secondary education, whether it's the University of Guelph, Niagara College, George Brown College, Durham College, or Conestoga College, which is home to the Institute of Food Processing Technology. We have all these great assets out there, and one of the reasons we came forward with a plan is that we feel that we need to get both levels of government to buy in to support this industry.

Mr. Chairman, we will be writing to the minister with some of the comments from today, and we'll copy the standing committee on that. With that, I thank you for the time and would be very welcome to answer any questions that you may have.

The Chair (Mr. Kevin Daniel Flynn): That's great. Thank you, Steve. You've left a lot of time for questions: about six and a half minutes. Either Mike or Peggy. Peggy?

Ms. Peggy Sattler: Yes. Thank you very much for the presentation, Steve. I know that you're representing the province of Ontario, but your base is in southwestern Ontario, and a lot of food processing takes place there. I understand that the Southwestern Ontario Development Fund is available to the food processing sector. I wonder if you could talk about the effectiveness of that fund. I'm guessing that it hasn't been particularly effective, because you're suggesting that there be this new fund created. But I just wondered if you could comment on the current SWOD fund and if it is working in your sector. Could it be leveraged better? What would be the difference between that fund and this new fund that you're talking about developing?

Mr. Steve Peters: Thank you very much for the question. Through you, Mr. Chair, to Ms. Sattler, to specifically answer your question, I'm not aware of any food processors who have taken advantage of that fund, but that's not to say that that hasn't happened. I haven't seen any specific announcements.

One of the challenges with that fund is that it is a fund that is in place to support the whole of the manufacturing sector, and that could be anything from food processing to auto to oil to plastics.

What we're advocating for is a dedicated fund that is going to be there specifically to support new investment, either attraction or retention, of food processors. Sometimes, through an application process, it could be challenging for a food processor's proposal to be judged against another sector's. I'm not taking away from the fund. I think that, between that fund and the renewed mandate of FedDev southern Ontario and its $900-million fund, there are a lot of opportunities. We, though, are advocating for a specific fund.

Ms. Peggy Sattler: And would the criteria for this specific fund that you're advocating be similar to SWODF, so it would be available for firms looking for capital expansion or the purchase of—I think you can use it to expand or buy equipment. Is that what you're looking for? What were you thinking the fund would support?

Mr. Steve Peters: One of the most important areas, I think, to support Ontario manufacturers is going to be in investments in new capital investments and equipment to help to improve productivity, similar to what we witnessed. Sometimes productivity comes at a cost of loss of some jobs, but we do see—as an example, the Cargill decision in London in December where we lost some jobs, but that company is going to become more productive down the road, which is going to help keep them stronger in the long term.

There are limitations on the southwestern Ontario fund in that it is limited to southwestern Ontario. You do have the eastern Ontario fund as well. What we would advocate for is a dedicated food industry fund that would be able to support investments, whether they're in the GTA or in northern Ontario—that this is a fund that would support investments all across the province.

Ms. Peggy Sattler: Another question: You mentioned the excellent partnerships that you've created with the post-secondary sector, and you talked about some specific post-secondary institutions that you're working with to develop the labour supply for your industry. I wondered if you had any comments about other things the government could be doing to ensure that the skills that your sector needs are being developed through the post-secondary education system.

Mr. Steve Peters: Mr. Chair, through you, I thank the honourable member for the question, because when we released our report, one of the areas that we identified is developing talent and a future in food. There are some tremendous opportunities. Look at the University of Guelph and some of their agricultural science programs: There are five jobs for every one graduate right now. So we see a lot of opportunities.

Some specifics that I would recommend that the province look at include a one-stop shop for people, for students or second careers—to have a one-stop shop where they could go to know of every food and beverage opportunity post-secondary in the province. There really isn't; you almost have to go right now to each particular community college or university to see what programs are out there.

The other area that we would recommend is within our high school system. That is a specialist high-skilled major. There are two pilot projects going on in the province, one in Ottawa and one in Hamilton, right now. The specialist high-skilled major for food processing: We would like to see that expanded to all of our high schools across the province, similar to the specialist high-skills major that exists within agriculture. So those are two areas where we think some more could be done on the educational front.

Ms. Peggy Sattler: Do you have a question?

Mr. Michael Prue: If there's time.

The Chair (Mr. Kevin Daniel Flynn): You've got about a minute.

Mr. Michael Prue: A minute. Okay. Let's switch gears here a bit, to the different power rate for industry. People have been talking about this for a long time, but it really hasn't happened, and part of it is the push-back that many people would get from consumers: "Why should I pay for industry's power rate? I can't even afford my own." Any thoughts on how we get around that? If you're asking for a different rate, how do we get around telling consumers that they have to pay the higher rate but manufacturers don't? I know it will create jobs, but how do you get around that?

Mr. Steve Peters: It is a very difficult scenario to deal with. That's why I would encourage the committee to take a really hard look at the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates. They have laid out a number of scenarios in there, a number of options that could be available to government, through the Ministry of Finance, to try and mitigate some of those issues. It is a difficult balance, and I think it's one that's a political challenge; no matter what political stripe, it's a difficult one to message. But again, I would steer the committee back to the coalition's report—if they haven't presented it to you already, I know that it is coming—because they do lay out a number of strategies that I think could be available to help assist moving forward.

1330

The Chair (Mr. Kevin Daniel Flynn): Thank you, Steve. Always a pleasure to hear from you.

Mr. Steve Peters: Thank you, Mr. Chair.

Mr. Michael Prue: A total pleasure.

Mr. Steve Peters: Thank you. Have a safe journey to Thunder Bay.

The Chair (Mr. Kevin Daniel Flynn): Thunder Bay? I thought we were going to Tampa Bay.

Laughter.

The Chair (Mr. Kevin Daniel Flynn): Wait a minute.

BIOINDUSTRIAL INNOVATION CANADA

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Mr. Kevin Daniel Flynn): Okay. Our next presenter this morning is from Bioindustrial Innovation Canada and the Ontario Federation of Agriculture. Don and Murray, thank you for coming today. Make yourselves comfortable. If you could introduce yourselves before you speak for Hansard, so that they know which one of you is speaking. You have 15 minutes; use that any way you see fit. The questions this time will come from the government side.

Dr. Murray McLaughlin: Okay. Thank you. I appreciate the opportunity to present today. You're just getting a copy of the presentation here. We'll go through that fairly quickly, and then hopefully have some time for questions.

My name is Murray McLaughlin. I'm the executive director of Bioindustrial Innovation Canada, located here in Sarnia. We've been here for six years now. Our role has been one of helping to facilitate the commercialization of green and sustainable technology here, and building a cluster in the Sarnia region over the last five years. I think we'll touch a little bit on some of that as we go through. I'll just wait until everybody gets a copy of the presentation to start, but it has been an exciting transition for the community to move from a straight petroleum community to a hybrid chemistry community here in Sarnia. We're looking at how we can help move that to a broader base around the province.

Now that everybody has got the presentation, we'll start. The first slide, of course, is just developing the Ontario bioeconomy and the role of Bioindustrial Innovation Canada. I will comment quickly on the pictures here. The first picture, obviously, on the left-hand side, is forestry. The one in the centre touches on agriculture, but that particular picture comes from Denmark, in Copenhagen, where I was last year, visiting some of the activities there. The agricultural community sells a lot of biomass into the energy and chemical industries in that country. They have a very strong focus on bioindustrial and development of that sector, from agriculture through to chemicals. The one on the right-hand side is actually located here in Sarnia. That's out at the research park, at Woodland Biofuels' pilot facility that's set up here in Sarnia to take wood chips to fuels.

Slide 2: bioindustrial innovation, unlocking Ontario's bioeconomy potential. It's just talking about some of the key roles that we've had: accommodating research and providing a plug-and-play pilot facility here in Sarnia for companies to come in and utilize the facilities. It brings together business and government to focus on the commercialization of bio-based and sustainable chemistry, and it supports new companies through the Sustainable Chemistry Alliance investment fund that we've had for the last five years, investing in early seed-stage start-ups. We also focus on building the hybrid chemistry value chain concept here in Ontario.

The next slide just gives you an idea of the bioeconomy future. You'll see a few black dots around the province. You'll see the one with the green circle here in Sarnia, which we've progressed quite well over the last five years. It's a lot of work now to really move Sarnia into a true hybrid cluster, but we've gained a lot of momentum. The other black dots are where there are opportunities. I noticed that I missed one; there should be one over between Trenton and Prescott, as well, on the east side of the province, and also one up in Thunder Bay, as opportunities to build other clusters in this sector, between forestry and agriculture.

The next slide, slide 4, is integrating into the hybrid chemistry value chain, creating jobs and economic prosperity. If you look at the light blue cycle, that's the program that has been around for probably 60 or 70—well, over that; 150 years, I guess, if we think back to when oil was first taken out of the ground. It has really taken fossil-based feedstocks all the way through to the end user, the consumer, and all of the steps on that chain: the fuels, chemicals, plastics and then advanced manufacturing.

The bio-based industry fits in two areas. The bio-based feedstocks go into fuels or chemistry, and the bio materials go into the finished products, which could be anything with wood fibres in it.

Moving on to page 3—"Bioindustrial innovation: Canada mission"—our mission is to create jobs and economic value sustainably for Ontario. How we do that is by really looking at commercializing bio-based and sustainable chemistry technologies through networking and investment. Then we catalyze that establishment of networked hybrid chemistry clusters here in the province and focus on delivering commercialization.

The next slide, I think, which is probably one of the more important ones here in this set, is how we've had a balanced portfolio, with a focus on the hybrid chemistry value chain here in Sarnia, and what we've accomplished over the last five years. We only had $5.5 million for investing in start-up companies; we invested that in 13 companies. We've leveraged $143 million against that $5.5 million. We've seen two of the companies do IPOs and one company go public. So we've seen probably close to about $389 million leveraged against $5.5 million so far.

Jobwise, we've created 243 direct jobs. To this point, we've seen 1,256 indirect jobs against that, and we're seeing 665 construction jobs take place in this time period around the investments that we've done, with the 12 investments. So it shows you the opportunities that can take place.

The next slide: The hybrid chemistry cluster here in Sarnia is the model to replicate across the province. It just really touches quickly on what's here.

(1) Canada's existing chemical industry in Sarnia forms the cluster foundation: access to energy, skilled labour and highly qualified personnel; the pipelines, the rail and other parts of the infrastructure; and ready access to the North American markets. As most of you would know, we're within a 10-hour truck drive of 55% of the US GDP. Local colleges and universities are active in research on the bioeconomy.

(2) Support of Ontario's farmers and foresters to provide the biomass needed: We work very closely with Don and the OFA on a lot of that on the agricultural side here.

(3) Start-up bio-based and sustainable chemistry companies, bringing innovation and full commercialization to the community: We're seeing pilot facilities and we're also seeing full-scale plants now.

(4) Availability of brownfield land developed into biochemical businesses such as primary chemical building blocks, polymers, and biomass production from local CO_2 sources for use as fuels and chemicals.

The next slide is "Priorities to advance the Ontario bioeconomy: where to put our focus." Ontario needs to develop a well-articulated vision and integrated approach to the bioeconomy. Commercialization of first-generation technologies remains challenging. Access to capital and fostering risk-sharing with government must be a priority to bridge that valley of death. A top priority is demonstrating success in commercialization of technology in Ontario.

I think BIC has a proven track record supporting the emerging bioeconomy, and I think that's an area and a model that could be looked at for the future.

We were structured, and have been structured, as a CECR program, so our funding has been federal funding in the past.

Priorities to advance Ontario's bioeconomy—the next slide—and where to put our focus: Recognize that this is a new growth sector that will need support. Invest in Ontario manages programs that are designed to provide support. We need to make sure we maintain those programs, as we want to try to attract more companies to the province.

Growth in rural Ontario will be dependent on an industry that will complement the food industry—agriculture biomass to chemicals and non-food products. We recognize that it is a new future to create rural jobs and businesses. We need to design support programs that are effective and timely to move those forward.

The picture in that particular slide, by the way, is the Lanxess Bio-Industrial Park. You see some heavy equipment in the background. That's where BioAmber is building their first full-scale succinic acid plant. That is a US-based company that we were able to convince to move from research and development to full-scale commercialization here in Canada, here in Ontario.

The next slide is "Priorities to advance the Ontario bioeconomy: where to put our focus." The emerging global bioeconomy has a home in Ontario that will complement Ontario's food and forestry industries. We need to recognize now that the future is here. The time for the Ontario government partnering with Ontario feedstock providers and global technologies is today. It is an opportunity to lead growth in rural and urban jobs, and I think BIC, Bioindustrial Innovation Canada, is a catalyst to help make that happen.

1340

Just in summary, Ontario can take a global leadership position in the bioeconomy. Bio-based chemicals and biomaterials are the opportunities. Agriculture and forestry and waste are the sources of conversion materials. Homegrown technologies and international attraction will establish the bioeconomy companies, and the outcome will be rural development and jobs for the 21st century through cluster development. BIC is a model to build the bioeconomy and clusters, with five years of experience and knowledge in this sector. Thank you.

The Chair (Mr. Kevin Daniel Flynn): That's wonderful. Thank you, Murray. Questions from the government side? We've got about four minutes left.

Mr. Bob Delaney: About four years ago, when I was with the Ministry of Research and Innovation, I had a very pleasant morning coming out here to speak with your business incubation group, and what you've presented here shows that you've continued along the very ambitious path that I saw laid out four years ago.

Let me just ask you an open-ended question. What has been working and what needs some improvement?

Dr. Murray McLaughlin: That's a good question. I think the big thing that works in this community is that it's a community—whether it's industry or the local community, county and so on, whether it's on the government side or the industry side—that is behind this effort. They recognize that this is a shift that Sarnia needed to take, and they all got behind that or got on the same train, so to speak, and said, "This is where we're going, and let's just get on with it." We don't have a lot of naysayers around this community saying, "This is not what we should be doing." I think that's a big step for anybody in any community that wants to build a cluster. That's the starting point.

I've been involved in other clusters in the past. I think the other major cluster that I was involved in was Saskatoon, when we built an agricultural technology cluster out there in the 1990s. We went from three companies to 40 companies in six years with that same kind of mantra around it.

Mr. Bob Delaney: What are your prospects here among the companies that have been nurtured—and you've done a very good job of explaining that—in terms of their export potential?

Dr. Murray McLaughlin: Most of them will end up being exported. If we look at BioAmber, for instance, they're building succinic acid here. They're partnering with Mitsui in building the plant. The bulk of their succinic acid will be exported. My challenge, or our challenge, I think, is eventually to convince Mitsui that they need to build a plant right next door to that and take the succinic acid and add value further downstream.

Those are the kinds of things that will eventually happen. You get a product now that gets used in recycled materials—biodegradable plastics and so on—that will fit around the world. We want to be able to really move as close to the consumer as we can with those products.

Mr. Bob Delaney: The reason I ask: You talked about your great success in leveraging the investment made in you, with which, by the way, I very much agree. Anyone who travels even a little bit in Asia is struck by the enormous amounts of capital available for investment just about anywhere. You've described a lot of the products that by their very nature are good prospects for export. I'm wondering, in terms of attracting capital, what activities you've undertaken and what help you might need in that.

Dr. Murray McLaughlin: That's a good question, and I think it's an important one because the financing is probably the biggest challenge we have here in Canada around these types of technologies or any type of technology today.

Actually, I agree. The Asian markets are our real opportunities from an export perspective. We actually have MOUs with Malaysia and some other countries; we're talking to Australia as well right now and some European countries to exchange information and ideas. We're really reaching out to look at where the opportunities are.

But financing is the biggest challenge. We had, as I mentioned, $5.5 million. We were able to leverage that a lot. Out of that $140 million, I'd say about $100 million to $110 million of that is non-government funding. The rest of it came from various programs like STTC, which is a federal program; some of it came from Invest Ontario and various aspects of their programs as well to help companies like BioAmber. But the bulk of the money does come from the private sector.

Mr. Bob Delaney: How can the province help you connect better with some of your prospective buyers?

Dr. Murray McLaughlin: I think the companies do a pretty good job of connecting with the buyers. It's good to have the province onside, understanding that that's important, attracting these companies there. As they do come in, we want to make sure that the programs are in place that are going to help them, but you also have to attract companies here—BioAmber was attracted here. We also have home-grown companies that we're working with. It's the two hand in hand: home-grown and attracting better, so there needs to be support in both sides of those programs.

The Chair (Mr. Kevin Daniel Flynn): That's great. Thank you very much for coming today, Murray; we appreciate it. Don, thank you, too.

COMMUNITY LIVING TILLSONBURG

The Chair (Mr. Kevin Daniel Flynn): Our next delegation today is from Community Living Tillsonburg: Marty, Dr. Demaiter and Michael. If you'd like to make yourselves comfortable wherever you like. Thank you very much for joining us today. Like everybody else, you get 15 minutes; use that any way you see fit. If there is any time for questions, it will come from the Conservative Party today. I'll let you get settled and I'll start the clock.

Dr. Urbain Demaiter: I'm up first, I guess. We want to start by thanking you for the recent apology from the Premier and for the development of the settlements that were made to the people in institutions.

We would also like to remind the government that it took the efforts of the government and the community to finally close the institutions in 2009. It took a multi-year plan and it also took a timetable along with resources to complete that. We are here today to talk about the need for another multi-year plan.

The Chair (Mr. Kevin Daniel Flynn): Could I jump in a second? I'm sorry. Because you're all men, they won't know which one is speaking, so you might want to introduce yourselves.

Dr. Urbain Demaiter: Okay. My name is Urbain Demaiter. I'm the first speaker.

The Chair (Mr. Kevin Daniel Flynn): Super. Thank you.

Dr. Urbain Demaiter: I guess I should have done that initially; I'm sorry.

The Chair (Mr. Kevin Daniel Flynn): No, everybody does the same thing. Don't worry about it.

Dr. Urbain Demaiter: Our organization has over 58 years of experience working with children with special needs and their families. Initially, we were organized by both parents and friends so that children with special needs would be able to remain in their communities rather than leaving to go to institutions.

Community Living Tillsonburg is located at the Livingston Centre. We are one of five partner agencies that are located at this site, along with 11 associated agencies. We utilize 42,000 square feet of space for all the services.

We are a model of agency co-operation and community capacity-building that tries to ensure the effective use of community resources for the benefit of the citizens of our community. We extend an invitation to you so that you can see what we have accomplished. We have federal, provincial and municipal services, along with community organizations, all under one roof. We are also providing you with the website address of the Livingston Centre, so we hope that you can join us sometime in Tillsonburg.

We would like to make reference to the data summary report that we have provided in our briefing to you. This data has been provided by Developmental Services Ontario South West Region. The data shows that for the past year there were 1,098 requests for group living and 928 requests for supported independent living in the southwest region. Of those requests, 33 people were able to get group living supports and 42 people were able to get supported independent living supports.

In Oxford county, there were 56 requests for group living and 79 requests for supported independent living. In Oxford county, one person received group living and eight people received supported independent living supports.

Today in the southwest region, there are 1,457 families with children with special needs who are receiving Special Services at Home funding. There are 942 families on the wait-list.

It was not that long ago that we used to see the wait-lists for supported services at home eliminated or considerably reduced. We know that families are healthier when they get the supports they require and the respite they need. In our business case of 2011, we alerted you to the concern about growing wait-lists. We are prepared to take them on with you. You need to unleash the creativity of the community to address this crisis.

The government needs to work with the community on a multi-year plan to address those on the wait-lists. We need to be able to address those needs that are urgent and pressing, such as families who are no longer able to care for their son or daughter. We also need to get assurances to those who are still caring for their children so that we are ready when they need the supports and services for their children.

1350

We ask you to review MPAC and the effects of property taxes on charitable organizations. The government may help us and many any other organizations if it reviews the implications of tax exemptions available to organizations. We have had historical exemptions—for example, for our head office—and these exemptions are lost if and when we move to another location.

We have provided you with a copy of our Divisional Court ruling, and we quote from it: "It may be that well-reasoned public policy arguments can be advanced to support broader criteria for exemption that would benefit the appellants, but it is for the Legislature to decide whether or not those arguments should lead to legislative change."

Currently we are paying $30,000 for two locations, and these resources would be better utilized for supporting people.

As an agency, we experienced the strikes of 2007. In 2010, we were directed by the government to negotiate reasonable contracts. Later we were advised that these contracts would not be funded, as a wage freeze was being introduced. We have been managing these costs by reducing our staff. We cannot provide wage increases without government funding.

Unfortunately, our agency and our sectors get thrown into the broader public sector mix. There is a misconception that we have full pension plans and wages that reflect current pay standards in our society. We continue to be sectors that are undervalued. We may achieve pay equity only if we self-fund it by eliminating positions and services. This is not acceptable.

We watch as the government tells us that the Ministry of Education needs new legislation to support the negotiation process between the three parties of school boards, unions and the government, yet we do not see the same concern with regard to our sectors. We remind you that over 102 contracts are coming due during fiscal 2014-15. Our past two experiences were not helpful, and we wonder what the experiences of 2014-15 will be.

As with many other sectors, we believe that we are being overregulated and there needs to be a better balance between what is required to meet standards and to ensure quality. There is also a balancing of the rights of the individuals and how we may be overregulating the lives of people.

We would recommend that the government work with our sector in reducing red tape and regulations. We can present you with many examples, but the most significant one is that when you turn 18 years of age, you lose your Special Services at Home and you may have to wait in line for services that you have been receiving for many years.

I now turn it over to Michael.

Mr. Michael Kadey: My name is Michael Kadey. I am a director on the board of directors for Community Living Tillsonburg, and also the vice-president of People First Tillsonburg.

Poverty issues: We have been trying to influence the social assistance review recommendations and poverty reduction strategies. We still struggle with our budgets with the current levels of income support. We know that when we do have jobs we have more income, but it's still pretty confusing. We have to submit what we earn each month and see our income support go up and down based on what we earn. We want to work more, but jobs are hard to find.

We recommend moving to a quarterly—or, like taxes, annual—report. We recommend higher amounts of earnings to be kept before clawbacks. Again, a private member's bill was proposed this last year, and we have included that in our materials.

We also contribute to our community in many ways. When we have the right supports to have a job and participate in our communities, we help just like everyone else. We raise money for the Relay for Life. We volunteer in nursing homes, Meals on Wheels and child care centres, and we help the BIA decorate our downtown and help keep it clean.

We have provided you with the ODSP Action Coalition disability declaration, and we hope that you reflect on it as you make your recommendations. We are active with the ODSP Action Coalition and have included a document of theirs in the package. We are generally concerned that people with disabilities have been seeing their benefits reduced.

Marty?

Mr. Marty Graf: I'm Marty Graf. I'm the chief executive officer for Community Living Tillsonburg. I just wanted to touch on a few other areas. One is in regard to housing and that many Community Living organizations have developed the capacity for property management through our partner corporations. We provide a mix of different housing options that include specialized housing and accessible housing, and we ensure that the rental rates are affordable and done under the not-for-profit model. We recommend that the government work with us to expand housing options that are required. We have worked with the financial institutions over the years to develop our housing options, and they need to be included as part of the plan.

Under employment, we've been involved with a group called ODEN, and we recommend that Ontario consider an employment-first strategy as explored at the recent ODEN conference. When the labour shortage does hit, people with disabilities will be seen as one of the solutions. We believe that people's lives are enriched when they are able to participate in the workforce.

Our children's services have also provided you with a list of their recommendations, and we know the value of respite and developed effective strategies with families. We developed funding from many different sources to ensure that families get the breaks they need over the summer and during school breaks. We're now into our third ministry for our children's services over the last 15 years, and there is instability in the child care system as the full JK and SK system continues to unfold. As a government, you need to stabilize the remaining child care system. There is concern that as we shift into our third ministry, no one will know or understand what we do at the community level to help sustain families. Again, our children's services have provided you with some recommendations.

In summary, we thank you for the opportunity to present today. Community Living and similar agencies are ready to work with the government to develop this multi-year plan to ensure that people who require services will be able to get the services they need. We remind you of the government's campaign. Don't waste time.

The Chair (Mr. Kevin Daniel Flynn): Wonderful. Thank you, Marty, Urbain and Michael. There's about three minutes left for questions, and it'll be Toby.

Mr. Toby Barrett: Yes. Thank you, Chair, and thank you, Dr. Demaiter and Marty and Michael. If I can quote Michael again—this is already in Hansard—I think you said, "We want to work more."

Mr. Michael Kadey: Yes.

Mr. Toby Barrett: That summarizes a lot of what we've been hearing on the finance committee for a number of years. In fact, I think it would be four, maybe five, years ago that all three parties on the finance committee agreed to one or two motions adopted by this committee with respect to better enabling people on social services, and more particularly ODSP, to be more involved in the community, to volunteer or to work part-time—full-time perhaps, eventually—and to keep more of the money.

It's interesting that that came forward in the report, as I recall—the finance committee. It was mirrored in the Gail Nyberg report, which goes back to—gosh, I have the date here—May 2010, Gail Nyberg's report on social assistance. After that, Frances Lankin brought out her comprehensive report, which again focused on the value of employment. She came up with something like 100 recommendations. But we haven't seen much beyond these studies.

The clock is really ticking, and I just wonder—and I guess maybe my interest is, as you say, to be more involved in working. Just to cut to the chase—you've covered so much here, and I've been working with Tillsonburg Community Living, or TCL, for 18 years now—where are the priorities? Is it still employment, and how can we fast-track this because so much time has been wasted?

Mr. Marty Graf: There are many priorities that have to be dealt with at the same time. People need housing, people need jobs, but most importantly people need access to the supports and services they require to be able to get to the point where they can have a job. There are so many people without the services and I think that the stats we provided to you today show that people aren't getting connected to the services they need. They're having to sit on long wait-lists. If somebody has finished school, to have them sit for three or four years after that, before they get reconnected to services, is not in anybody's interest. That is having people waste their talents sitting at home.

1400

Mr. Toby Barrett: You make mention in your report of system barrier number one with the income supports service, where if someone is working part-time, they lose 50 cents on every dollar, which for many of us is a disincentive. Even though everybody wants to work, when half the money gets clawed back—

Interjection.

Mr. Toby Barrett: Oh, the bell did go?

The Chair (Mr. Kevin Daniel Flynn): It did go, but let's keep it short.

Mr. Toby Barrett: What can we do? Why is there this situation where people don't get to keep more of their own money?

The Chair (Mr. Kevin Daniel Flynn): A very short answer.

Mr. Toby Barrett: Sorry.

The Chair (Mr. Kevin Daniel Flynn): That's okay.

Mr. Marty Graf: Your bill, I believe, proposed $700, that somebody could earn up to $700 a month before the clawbacks would begin. A person would benefit considerably from having access to the extra resources. The economy will benefit because that person will just be putting that money back into the economy.

Mr. Toby Barrett: Thank you.

The Chair (Mr. Kevin Daniel Flynn): That's wonderful. Thank you very much, Marty. Thank you, Urbain and Michael, for coming today.

Mr. Michael Kadey: You're very welcome.

Mr. Marty Graf: Thank you.

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

The Chair (Mr. Kevin Daniel Flynn): Our final delegation of the day is the Ontario Undergraduate Student Alliance. Amir and Rylan, if you'd like to come forward. Make yourselves comfortable.

Mr. Rylan Kinnon: Thank you very much. There was a change. Adam Garcia, our vice-president, academic, is with us today instead of our president, Amir.

The Chair (Mr. Kevin Daniel Flynn): That's what I thought.

Mr. Adam Garcia: Administration.

Mr. Rylan Kinnon: Administration. Of course.

The Chair (Mr. Kevin Daniel Flynn): Make yourselves comfortable. Fifteen minutes, like everybody else. If there's any time left over for questions, it will come from the NDP.

Mr. Rylan Kinnon: Great. Well, first of all, we'd like to thank the committee for having us come and present to you today. My name is Rylan Kinnon, and I am the executive director of the Ontario Undergraduate Student Alliance, which is also known as OUSA.

Mr. Adam Garcia: My name is Adam Garcia, and I am the vice-president, administration, of OUSA, and the vice-president, education, at the Federation of Students at the University of Waterloo.

OUSA represents the interests of over 140,000 undergraduate and professional students at seven universities in Ontario, and advocates on their behalf to the provincial government to create a more accessible, affordable, accountable and high-quality post-secondary system in Ontario.

Today we wish to discuss how the government can use post-secondary education to help meet the Premier's commitment in the 2013 throne speech to creating a stronger economy and a fair society.

A post-secondary education not only benefits students but Ontario citizens and our province's economy. Post-secondary graduates not only fare better in the job market but pay more taxes, use less government services and are less likely to commit crimes.

OUSA has developed a number of strategies that we believe can contribute to the creation of a more fair society in Ontario. Students believe that the government must work to ensure that Ontario's investments in post-secondary financial assistance are fair, effective and will equalize post-secondary participation rates.

Students also believe that the government should ensure that all students are exposed to co-operative learning experiences in study that will increase their success upon graduation.

Finally, students believe that the government should prioritize teaching quality in Ontario's institutions by ensuring excellent teachers are treated just as equitably as excellent researchers.

Mr. Rylan Kinnon: The first topic we would like to discuss is ensuring Ontario's financial assistance investments assist those with the most need.

Over the past decade, Ontario has seen a significant increase in post-secondary participation at its colleges and universities, meaning more and more Ontarians have been able to access the benefits that come with a post-secondary education. Unfortunately, this increase in participation has not been felt equally, with particular groups of Ontarians left out as the more privileged members of our society have seen their participation rates drastically increase.

Aboriginal Ontarians, Ontarians living with disabilities, and low-income Ontarians continue to face a significant university participation gap compared to the general population. If we wish to leverage post-secondary education in creating a more fair society, this gap must be addressed.

The true and perceived costs of post-secondary education are consistently identified as barriers to post-secondary participation, which undoubtedly contributes to the post-secondary attainment gaps based on income that persist within our higher education system. Unfortunately, despite Ontario's generous financial aid system, 11% of students still find themselves without sufficient financial assistance to meet their needs. We must close this gap to close the participation gap.

In the context of unequal participation and of financial need unmet by the province, Ontario must ensure that our financial investments are targeting those with the highest need. Ontario expects to spend $340 million this year on tuition and education tax credits, despite the fact that it is widely agreed that, for a number of reasons, these tax credits are ineffective and inefficient.

First of all, tuition and education tax credits primarily benefit high-income students. These tax credits perpetuate the access gap as they provide the most benefit to high-income students and the least benefit to students with the highest need. The most recent estimates are that families in the highest income quartile claim an average of $2,000 a year, while families in the lowest income quartile claim only $520.

Secondly, as tax credits are non-refundable, only one in three students can earn a sufficient income to benefit from credits while in study.

Thirdly, tax credits paid out in April do little to help students pay tuition in August or September or to meet their living costs throughout the year.

Finally, because tax credits are poorly understood, they do not increase the perceived affordability of post-secondary in the province.

In February 2012, the Drummond commission's report called for the conversion of tuition and education tax credits into upfront grants. More recently, reports from the Institute for Competitiveness and Prosperity in October and the C.D. Howe Institute in November have called for the government to reallocate spending on tuition and education tax credits to ensure that they provide more targeted and/or timely assistance to students with the highest need. All those who have considered tuition and education tax credits agree that they are an ineffective and inefficient investment.

In 2012, the Quebec government was the first jurisdiction in Canada to take positive steps towards converting tuition and education tax credits. On the urging of student associations, the government reduced the tax credit rate from 20% to 8%, using savings to fund increases in the province's financial aid system. This is a change worth emulating.

With this in mind, we recommend that the government cease issuing new tuition and education tax credits and allocate year-to-year savings into existing financial assistance programs. The available funds generated through tax credit elimination will be approximately $340 million.

We recommend that the government make the following improvements to existing financial assistance and grants programs using the savings from tax credits.

First, we recommend that the government extend aboriginal students' and students with dependents' eligibility for the 30% Off Ontario Tuition grant to four years, regardless of graduation date, at an estimated cost of $19 million. We also recommend that the government increase the amount of tuition offset by the 30% Off Ontario Tuition grant to 35%, at an estimated cost of $70 million.

We recommend that the province reduce OSAP's unrealistic expected parental contribution, which leads to many middle-class students with significant need being ineligible for financial assistance, by harmonizing with the federal contribution criteria. This is at an estimated cost of $40 million.

We recommend that the government address rising student debt by progressively lowering the Ontario Student Opportunity Grant debt cap from $7,300 to $6,300, at an estimated cost of $121 million.

Finally, we recommend that the government address OSAP's up-to-30% underestimation of living costs by increasing the monthly OSAP living allowance by $250 per month in order to align it with the after-tax low-income cut-off. This would be at an estimated cost of $90 million.

As a whole, OUSA's proposed aid package will significantly improve the landscape of financial assistance in the province. It will provide Ontarians with more non-repayable financial assistance and better access to assistance that more closely meets their needs, all while reducing public debt in the province. Furthermore, all of this can be done at no new cost, by repurposing ineffective investments in tuition and education tax credits.

Mr. Adam Garcia: The second topic that we would like to discuss, and it's very important to me as a University of Waterloo student, is expanding and equalizing in-study co-operative education opportunities that ease graduates' transitions into the labour market.

It is widely understood that the employment market for today's youth is a challenging one. Students appreciated the province's announcement of the youth jobs strategy in the 2013 budget as a significant investment to address this challenging issue but believe that there is more to be done, particularly to assist recent graduates in transitioning into the labour market.

Given that university graduates have the best long-term employment outcomes, pursuing a university education is not the cause of students' difficulty transitioning into the labour market, as some may have inferred. Instead, it is that some university students are not being provided educational opportunities that allow them to demonstrate the real-life value of their studies and develop more practical or job-specific skills.

Co-operative education opportunities present students with an opportunity to enhance their employability and increase their earnings. In Ontario, 82% of employers who offered work-integrated learning offered post-graduate employment to a former co-op student or intern. Furthermore, students who had undertaken a work-integrated learning opportunity during their studies earned between $2 and $3 more an hour than those who had not.

In addition, employers have the opportunity to develop skills in their field and identify future talent. However, currently there is more demand than supply of co-op placements, and students in business and engineering are significantly more likely to participate in co-op programs than students in the arts, humanities and sciences.

1410

Students have a number of recommendations to improve and equalize access to these opportunities and thus better labour market outcomes for students.

Our first recommendation is to invest in the creation of informational resources to help more employers understand the benefits of co-operative learning opportunities. The cost to create a Web portal to address known informational barriers to the creation of co-op placements is estimated at $100,000.

Our second recommendation is to ensure that more students have access to co-op placements. The province should set a target to increase co-op placement opportunities by 10% in under-represented disciplines over the next five years.

We recommend two strategies to achieve the same. The first is to create new financial resources for employers seeking to create or expand co-operative learning offerings to students in under-represented disciplines. The estimated cost of full implementation is $70 million. These resources would work in a similar fashion to the existing co-operative education tax credit, giving employers the lesser of $3,000 or 25% of a student's wages in the form of an upfront grant. This would recognize many companies' cash flow constraints, which make them unable to wait for a tax credit to recover their wage costs. Recognizing the province's fiscal circumstances, the government could make employers who take advantage of the grant ineligible for the Ontario Co-operative Education Tax Credit, which could offset some of the cost of this grant.

The second strategy is to provide new financial resources for universities seeking to expand their co-operative learning offerings in under-represented disciplines. This would provide universities with funds to develop and provide placements in more difficult fields. The estimated cost of full implementation would be $8.7 million.

Mr. Rylan Kinnon: The final topic we would like to discuss with the committee is addressing students' desire for quality teaching and fair employment opportunities for faculty. Students have increasing concerns about the quality of education they are receiving at Ontario universities, given the increasing investment they are making in their post-secondary education. While students have seen their investment in their education through tuition and ancillary fees rise by 22% over the years 2002 to 2012, Ontario's universities, on a per-student basis, have fewer faculty, and these faculty members are also teaching less. While in the late 1980s the common teaching load in Ontario was three full course equivalents per year, the most recent estimates place the average faculty teaching load at 1.7 full course equivalents per year for arts and humanities faculty and 1.4 for science faculty. This has led to increasing class sizes as well as decreasing access to faculty members.

This decrease in teaching output has been partially offset by the hiring of sessional and part-time faculty. Students are concerned that this increase in sessional and part-time faculty compromises the quality of teaching that students receive and the fairness of opportunities available in our system for excellent teachers. This is because sessional and part-time faculty positions are impermanent; they often do not have access on campuses, often have little job security, and may not have access to benefits or teaching supports.

To address this concern, students believe the province should commit to expanding teaching-focused faculty positions in Ontario. These faculty members would have the same tenure and promotion opportunities as regular faculty but would take on an increasing teaching load. By our definition, a teaching-focused faculty member is one who teaches three full course equivalents per year. They would spend about 60% of their time teaching while maintaining about 20% of their time for research and 20% for community service.

Our hope is that by increasing the number of teaching-focused faculty in the province we can enable excellent teachers to teach more while shifting some incentives in the system back towards teaching.

To expand the number of teaching-focused faculty in the province, we recommend that the government provide funding to create 200 new teaching-focused faculty positions across Ontario, distributed proportionally based on undergraduate student enrolment numbers, with a minimum of five at each institution. The estimated cost is $18 million annually.

Mr. Adam Garcia: We would like to thank the committee for the opportunity to present to you today. We hope that you will carefully consider our recommendations to leverage post-secondary education to create a more fair society and stronger economy.

In conclusion, students believe we must ensure that our financial assistance investments promote fairer access to post-secondary education in Ontario so that all Ontarians can access the benefits of a post-secondary credential, and our society as a whole the attending benefits. To increase the effectiveness of post-secondary education as a tool of social equalization, the province should commit to expanding co-operative education opportunities for students in the province to help ease recent graduates' transitions into the labour market.

Finally, to ensure that students are getting a fair return on their investment and that excellent teachers have fair employment opportunities, we believe the government should make an investment to expand teaching-focused faculty positions.

Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you both. Questions? Michael? About two minutes.

Mr. Michael Prue: About two minutes. I'm going to spend one minute just to ask the committee—I had questions, but I'm not going to ask them. I looked at the end notes, and I would like everyone to look at 20, 21, 22, 24 and 25. The expert quoted is none other than Peggy Sattler, so I leave the questions to her.

Ms. Peggy Sattler: Thanks. Yes, it's great that this research work is being used.

Mr. Rylan Kinnon: Well, thank you for your research.

Ms. Peggy Sattler: I'm really glad to hear that you've used the reports to come up with these recommendations.

One question I had about those reports: Those reports looked at a range of work-integrated learning programs. Your recommendation focuses specifically on co-operative education. Did OUSA have a discussion about extending some of the wage supports for students and for employers to other types of work-integrated learning? Why did you focus specifically and only on co-op?

Mr. Rylan Kinnon: I think the main reason for focusing specifically and only on co-op was just some of the confusion that sometimes arises when you're talking generally about work-integrated learning, because it encompasses so many different things.

This conversation, for us, has also very much been in the context of talking about what we think is reasonable for an unpaid internship or unreasonable for an unpaid internship. Where our student leaders drew the line is that if a student is in a full-time position, 40 hours a week, for an entire work term of four months, then that's a place where we think they should be paid, because they're doing real work for an extended period of time.

Based on that, we kind of have just landed on the gold standard of co-op education as being what we'd like to see Ontario students having more access to: paid co-op experiences, a full work term in length, working 40 hours per week.

Ms. Peggy Sattler: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much. Thank you both for coming today.

Mr. Rylan Kinnon: Thank you for having us.

The Chair (Mr. Kevin Daniel Flynn): Our pleasure. Good presentation.

Okay, the committee is going to adjourn now to Thunder Bay. The cabs will be leaving at 2:30 for the airport, if we can all meet in the lobby before then.

We're adjourned.

The committee adjourned at 1417.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président
Mr. Kevin Daniel Flynn (Oakville L)

Vice-Chair / Vice-Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Mr. Steven Del Duca (Vaughan L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Mr. Kevin Daniel Flynn (Oakville L)
Mr. Douglas C. Holyday (Etobicoke–Lakeshore PC)
Ms. Mitzie Hunter (Scarborough–Guildwood L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Michael Prue (Beaches–East York ND)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Toby Barrett (Haldimand–Norfolk PC)
Mr. Lorenzo Berardinetti (Scarborough Southwest / Scarborough-Sud-Ouest L)
Mrs. Donna H. Cansfield (Etobicoke Centre / Etobicoke-Centre L)
Mr. Bob Delaney (Mississauga–Streetsville L)
Ms. Peggy Sattler (London West ND)

Also taking part / Autres participants et participantes
Mr. Robert Bailey (Sarnia–Lambton PC)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services

CONTENTS

Monday 20 January 2014