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Thursday 15 December 2016

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Jeudi 15 décembre 2016

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Peter Z. Milczyn
Clerk: Eric Rennie

Président : Peter Z. Milczyn
Greffier : Eric Rennie

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CONTENTS

Thursday 15 December 2016

Pre-budget consultations	F-269
Ms. Sjann Johnson	F-269
Horseplayers of Windsor and Essex County	F-271
Mr. Wayne Craig	
Spirits Canada	F-273
Mr. Jan Westcott	
Legal Assistance of Windsor.....	F-276
Ms. Marion Overholt	
Mr. John Cryderman	F-278
Greater Essex Elementary Teachers' Federation of Ontario.....	F-280
Ms. Adelina Cecchin	
Family Service Ontario	F-283
Ms. Joyce Zuk	
Alzheimer Society of Windsor and Essex County	F-284
Ms. Sally Bennett Olczak	
Ontario Public Service Employees Union.....	F-287
Mr. Philip Shearer	
Ontario Good Roads Association.....	F-289
Mr. Scott Butler	
Ontario Medical Association, palliative medicine	F-292
Dr. Darren Cargill	
Biofuels Consulting Canada Inc.....	F-294
Mr. Stu Porter	
Southwestern Ontario Gleaners.....	F-296
Mr. George Paisiovich	
Mr. Vern Toews	

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 15 December 2016

Jeudi 15 décembre 2016

The committee met at 0904 in the Holiday Inn and Suites Ambassador Bridge, Windsor.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Peter Z. Milczyn): Good morning. The Standing Committee on Finance and Economic Affairs is reconvening for its pre-budget consultations, this morning in the wonderful city of Windsor. Witnesses will have up to 10 minutes for their presentations. Following will be five minutes of questions from each caucus on a rotational basis.

MS. SJANN JOHNSON

The Chair (Mr. Peter Z. Milczyn): Our first witness this morning is Sjann Loree Johnson. Good morning.

Ms. Sjann Johnson: Good morning, committee members.

The Chair (Mr. Peter Z. Milczyn): Could you please state your name for the official record as you begin?

Ms. Sjann Johnson: My name is Sjann Johnson.

The Chair (Mr. Peter Z. Milczyn): Proceed.

Ms. Sjann Johnson: Good morning, committee members. I thank you for the work that you are doing here this morning and I appreciate the time that you have given me to speak to you here. As I said, my name is Sjann Johnson and I do live here in Windsor, in Percy Hatfield's riding.

I have managed type 1 diabetes since 1980. The Public Health Agency of Canada, in its 2014 update to Your Guide to Diabetes tells us that, "Diabetes is a chronic disease that results from the body's inability to sufficiently produce and/or properly use insulin, a hormone that regulates the way glucose (sugar) is stored and used in the body."

Type 1, or insulin-dependent diabetes, means that the body can no longer produce insulin. It usually develops in childhood or early adolescence, requires multiple daily injections of insulin to regulate insulin levels, blood sugar levels and leads to many complications, including heart disease, kidney disease, vision loss and lower limb amputation.

Non-insulin-dependent diabetes, or type 2, generally requires medication, weight and physical activity management, and in some cases does use insulin. Type 2 would be the most common kind of diabetes that most people would be aware of.

The third type is gestational diabetes. This occurs during pregnancy and can require insulin. It is extremely important to manage during pregnancy, as gestational diabetes can have complications for the baby, up to and including death of the baby.

The publication goes on to remind us that studies show managing glucose levels can substantially reduce the risk of diabetes complications. To further that goal, I am here to ask the committee to consider placing glucose sensors, or continuous glucose monitoring devices, under the Assistive Devices Program administered by the Ministry of Health and Long-Term Care. These have recently been covered for clients receiving ODSP benefits.

Glucose sensors are placed under the skin and send glucose levels directly to the pump every 10 minutes. This will alert the wearer if blood sugars are too high or low or change too fast. It can clearly show blood sugar trends that need to be adjusted in consultation with the diabetes educator and endocrinologist. Sensors help more accurately and safely monitor unfamiliar, unplanned meals, activity and/or exercise.

In my case, it's the unplanned activity or exercise that the sensors most help me with. My endocrinologist has noticed that there is an improvement in the month after I've used the sensor. One sensor lasts six days, and a box of five sensors is between \$350 and \$380 a box.

I will quote directly from the Canadian Journal of Diabetes in a 2013 publication: CGM, or continuous glucose monitoring, "captures and retains the data. In Canada, one real-time CGMS and two professional CGMSs are available. Real-time continuous glucose monitoring has consistently been shown to reduce A1C"—an A1C is a three-month blood test that shows what the blood sugars have been in the past three months—"in both adults and children with type 1 diabetes, and to reduce A1Cs in adults with type 2 diabetes. Real-time CGM has also been shown to reduce the time spent in hypoglycemia," or low blood sugar. "Professional CGM has been shown to reduce A1C in adults with both type 2 diabetes and in pregnant women with type 1 or type 2 diabetes.

0910

"Successful use of CGM is, unsurprisingly, dependent on adherence with using CGMS; the greater the time spent wearing the device, typically the better the A1C. Like SMBG, or self-monitoring blood glucose, CGM provides the best outcome if it is associated with struc-

tured educational and therapeutic programs. CGM is not a replacement for SMBG because SMBG is still required for calibration of the CGM device and, for real-time CGM, to confirm interstitial measurements prior to making therapeutic changes or treating suspected hypoglycemia.”

The Canadian Diabetes Association in January 2014 in its publication *The Ontario Diabetes Cost Model* stated, “Diabetes poses a heavy burden on Ontario’s health care system and economy—it is estimated to cost close to \$5.8 billion in 2014, with projected cost rising to \$7 billion by 2020; by 2033, these costs will climb to almost \$8.7 billion.”

The CDA policy backgrounder to *Diabetes: Canada at the Tipping Point—Charting a New Path* states, “Effective treatment of diabetes saves governments money. The DCM”—diabetes cost model—“indicates that 80% of all diabetes costs come from the complications associated with the disease, and not the treatment of the disease itself. So, even a small gain in the prevention or delay of secondary complications can provide huge savings.” Sensors can help achieve that goal.

According to CDA’s *The Cost of Diabetes in Ontario*, “The Ontario Diabetes Cost Model estimates that 1,169,000 people in Ontario have been diagnosed with either type 1 or type 2 diabetes in 2010—representing approximately 8.3% of the population. This number is expected to increase by 734,000” people “over the next decade to 1,903,000 or 11.9% of the population.”

I’ve had diabetes for 37 years. I’ve had excellent care throughout. In spite of that, my vision became impaired in 1998 and 1999 when I was 36 or 37 years old. That ended my ability to work as a library clerk and study political science, both of which I loved. I was fortunate enough to have worked and studied at the University of Windsor, where I received long-term disability benefits.

In 2000, a friend got me interested in trying the insulin pump. I had already lost one eye due to diabetes and I had hoped that this would maybe save the vision I had left. It was no sure bet. But after two or three weeks, my husband, my endocrinologist and I found it well worth the expense. We are very grateful to the Assistive Devices Program for providing both insulin pumps and insulin supplies. While the lost vision in my right eye and what remains in my left eye will never come back or improve, the vision I do have has remained basically stable thanks to the professionals in my life, the support at home, and the insulin pump.

Finally, no one will ever know, but I do believe that if I had been on pump technology even five years earlier, I might still be working and paying taxes. Sensors, in conjunction with insulin pumps and ongoing education and training with professionals, will help type 1 diabetics delay and minimize complications, continue to work longer, continue to pay taxes longer and be less of a burden on the health care system due to complications of diabetes.

Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, Ms. Johnson. This round of questions is to the government side. Mr. Baker?

Mr. Yvan Baker: Thanks very much for coming in, Ms. Johnson, and for sharing your story. It’s always particularly compelling when we hear from presenters who not only just advocate for a cause, but have really experienced and lived the issue that they’re advocating for. You’re a prime example of that, so thank you for that. My uncle has diabetes, so I have somewhat of an understanding of what people with diabetes go through and how difficult that is, so thank you for coming in and for advocating on this issue.

I represent a community called Etobicoke Centre, which is a suburb on the western side of the city of Toronto. In my particular community, we have one of the largest percentages of seniors of any riding in the country, so issues that touch seniors—health care is one of them, and of course diabetes is one of those as well—I hear about a lot. It’s definitely an important issue, so thank you for that.

I appreciate the input that you’ve provided to us, because I think what you’ve said was, “Look, here’s something that could help people.” But you also presented a case about how there’s actually a strong business case behind it. This is something that could actually help. This is an investment that makes good sense from a taxpayer perspective as well, from a fiscal perspective, because it could save money down the line. That’s something that we’ll all take back. We’ll have to look into that and look into that business case. But I really appreciate that input and will provide that input to the Minister of Health and his team.

One thing I wanted to flag was the insulin pumps that you referred to at one point during your presentation. I know your presentation was about sensors primarily, but my recollection is that the insulin pump was something that, back in the early to mid-2000s, people had to pay for in Ontario. I wasn’t elected then, so I’m not taking credit, but I know that the Liberal government of the day made that free of charge for everyone. That was, I gather, a step in the right direction in terms of what you’re talking about. Is that fair to say that?

Ms. Sjann Johnson: Oh, totally. When I was first trying the insulin pump, it was an out-of-pocket expense. The ADP, the Assistive Devices Program, didn’t come on stream until later on that year, I believe. But it was definitely worth every cent.

Because I’m on a fixed income, it certainly helps my husband and me, but the Assistive Devices Program helps children. This is a \$7,000 piece of equipment. It’s no cheap undertaking. At the point where I decided to try it, I didn’t think it would help.

Anyway, I don’t know if that answered your question, but yes, the ADP program is definitely—my best day on four injections a day surpasses my worst day on the pump. What I’m trying to say by that is that the pump has made so much difference in my diabetes management, and sensors can only help that.

Mr. Yvan Baker: I appreciate that. Thank you for sharing that.

Chair, what's my time?

The Chair (Mr. Peter Z. Milczyn): One and a half minutes.

Mr. Yvan Baker: One and a half minutes left, so maybe my last question to you would be: You've shared your personal story and why you think this makes sense from a taxpayer perspective, from a policy perspective. But could you just share for those folks who are watching now on TV or online, or just for those folks who are going to be reading the transcript of this later, or for those of us here who aren't as familiar—you talked about the pump. You talked about the sensors. Just talk about how these kinds of things could, you think, impact people's lives—not just yourself, but others.

Ms. Sjann Johnson: Oh, my goodness. If children had sensors to go along with the pumps—as I've stated, activity has always been my most problematic issue with managing my diabetes. A kid in hockey, a kid in soccer with the insulin pump and sensors can have so much more freedom to do that sport safely.

0920

Studying: A college student can do the all-nighters much more safely. People on lower income can continue to work much longer and much more safely. Those in service industry jobs: If they have a pump and a sensor, they can accommodate the different activities of their day. If there's a waitress and he or she is on their feet most of the day, but the weekends are different, the pump and sensor can help them do that much more safely. Again, going back to the waiter or waitress, their feet will be much safer for longer. It provides a way to study, to work and to enjoy life more.

The Chair (Mr. Peter Z. Milczyn): Thank you, Ms. Johnson. If you would like to submit your remarks in writing, you have until 5 p.m. on January 20 to provide them to the Clerk to be part of the official record.

Ms. Sjann Johnson: Thank you very much. Do I have the Clerk's address on my information sheet?

The Chair (Mr. Peter Z. Milczyn): We will get it to you.

Ms. Sjann Johnson: Thank you very much.

HORSEPLAYERS OF WINDSOR AND ESSEX COUNTY

The Chair (Mr. Peter Z. Milczyn): Our next witness is Mr. Wayne Craig. Good morning, sir. You have up to 10 minutes for your presentation. You'll have five minutes of questions from the Progressive Conservative caucus. If you could please state your name for the official record as you begin.

Mr. Wayne Craig: Wayne Craig. I represent the Horseplayers of Windsor and Essex County. I'm a member myself. I'm a horseplayer; I have been for 35 years. I don't do any other gambling. I don't do the lottery or the casino; I'm strictly just a horseplayer.

I'm asking the government to continue funding for horse racing in this area. We have a very rich history of horse racing in this area, not all harness. We've had thoroughbreds. Probably going back to the 1920s, we've had horse racing in this area.

Of particular note, in the 1920s, we had a classic horse race here in Windsor at the Devonshire Mall, out on Devonshire. That was the talk of horse racing North America-wide. It was the clash of Sir Barton and Man o' War, which was at the time very popular. It drew thousands and thousands of people, it filled every motel room in this city, especially with people from Detroit, which at that time had a population of three million. It was very, very well attended, and that started our history here. Unfortunately, the Canadian horse didn't make out so well in there, but that started our horse history here. So we'd like the committee and the government to continue the funding.

There is something I would like to address for the funding part that the former finance minister made a big deal out of, and that is that if the government gave money down here for horse racing, the government was concerned that it was all going over to our friends in Michigan. That was a red herring, because if anybody knows the history of horse racing in this area, you know that between Windsor and Michigan, between Ontario and Michigan, we would race in the fall and winter. In Hazel Park in Michigan, we'd race in the spring and summer. They would come over here in the winter and take our money, and we would go over there in the summer and fall and take their money. It was a reciprocal sort of thing. It certainly wasn't that all the money was going over there. The former finance minister made a big deal out of that; as well, a columnist from the Windsor Star made a big deal out of that. That should not have happened, because we deserve horse racing here, but when you perpetrate stories like that, it's not any good.

Not only that, but we've got classic hall-of-fame horsemen who come out this area, who started in this area—Bob McIntosh, Doug McIntosh; of course, Johnny Campbell, Bill Gale, and it just goes on and on and on. All these people either had starts at Windsor Raceway or raced at Windsor Raceway, so we have a very, very rich history of horse racing here and we'd like it to continue.

Also, as well, Windsor was experimental grounds on a few things. For some of them—we were the first in the province to have the simulcast program, very successful; we were the first to have the slots program, very unsuccessful. Ironically, we were the first to have the slots program and we were the first to be thrown out of the slots program. So that's kind of ironic.

There's no question there is a market in this area for horse racing. Right now, what we have to bet on is the Lakeshore out at Leamington that runs their program out there. It's very successful out there. When you consider the obstacles that they have to overcome, the handlers in there are very good. Out of all the tracks in Ontario, the highest per-bet average comes out of Lakeshore, not Woodbine, not Western Fair; it comes out of Lakeshore.

Obviously, there's something that's being done there, and we would like it to continue.

Our biggest concern is the fact that there is now a rumour—I don't know if it's true or false, but there is a rumour—that Woodbine wants to take over, or will be given the whole file of horse racing to take care of. If that's the case, we are done in Windsor and Leamington. We will never have a chance of horse racing.

Woodbine hates us down here, all right? They don't like the success we have down here. This is our concern, that if this file, the whole horse racing file, gets turned over to Woodbine Entertainment, horse racing in this province will not exist as it does now. As part of the Horseplayers of Windsor and Essex County, we think that creates a market imbalance, and it's just not right.

There are a few reasons that people will talk about why racing has kind of ended here the way it did. There's no question at all that in 2004, when a new owner group took over the track from the Tom Joy ownership—that group took over in 2004, and that was a complete disaster. For us, as the horse racing industry, whether it's horsemen, whether it's the horseplayers or whether it was the employees of horse racing in this area, we had absolutely no idea, and we were completely blindsided by an owner who turned out to be nothing more than a greedy, freeloading slumlord.

In our humble opinion, this is why we have no racing here. It had nothing to do with the market or no market or nothing; it had to do with our last owner. We'd just like to get over that phase. We've had no serious racing for a few years, but there is a market in this area, and we believe strongly this area deserves horse racing, absolutely. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much, sir. Mr. Fedeli has questions.

Mr. Victor Fedeli: Thank you very much, Mr. Craig, for being here today and presenting your scenario of horse racing.

Maybe just for the record, can you tell us a little bit about what—because you made a comment: “Racing has ended here, the way it was, and no racing for the last several years.” Can you just tell us a little bit about where it was in the heyday, the kinds of numbers that you were talking about, whether it was the harness or thoroughbred, and what has happened today? Give us a brief scenario.

Mr. Wayne Craig: Before the introduction of simulcast, which was before the slots, we were in trouble. This area was in trouble. I was a horseman at points here, too, but for the last 10 years, I've represented myself to the government, ORC, as a horseplayer. But after the simulcast came, it was so successful that we started racing during the summer. It was that successful. We were making that much money.

0930

Mr. Victor Fedeli: How many races would you have had?

Mr. Wayne Craig: At one point, we were near 200 race dates a year. By the time we left, it was down to 40

or 50 or something like that. On Sunday night, which would be the biggest night, there would be a \$1.5-million handle and stuff like that.

I think that the biggest revenue generating out of horse racing, over a year's period, at Windsor Raceway, would have been the Provincial Cup and the New Year's Eve program. Those were multi-million-dollar-handle situations.

Mr. Victor Fedeli: So you had big days, heady days, with 200 race dates. Today, is it zero?

Mr. Wayne Craig: For us at Windsor, it's zero. But at Lakeshore, they have 13. I understand that they were given the 13 as a proving ground. That was three or four years ago. They've more than proven that, in this area, we can handle. There is a market for horse racing in this area. We just needed to get upgraded. Once you do that, the handles that are out at Leamington right—some of them are \$30,000 to \$35,000. Once you get real racing, then you'll start getting real horseplayers betting, not people who we have out there, where their emphasis is more on getting people in—and that's working good.

Mr. Victor Fedeli: With the 200 race dates that you had, what has happened to the horse people, the trainers, the horses—

Mr. Wayne Craig: They've all disappeared. They've moved to Toronto, or some of them are racing in Michigan, or some are racing in Ohio. They've all dispersed. It's all gone.

At one point, in our heyday, we had people from BC; we had trainers from Alberta; we had trainers from Quebec—all of them came shipping into Windsor because, at the best point, it was a place to be.

Mr. Victor Fedeli: So the horses are gone?

Mr. Wayne Craig: The horses are gone, unfortunately. It's not a good thing, but some went to the meat market, so to speak. Some of them went racing at other places. Some were adopted on the standardbred adoption horsing—so it's basically gone.

Mr. Victor Fedeli: What about the tack shops, the trainers, the breeders? What happened to everybody?

Mr. Wayne Craig: They're all gone too. For the most part, probably 85% of what we realize—in this area probably everything is gone. That would include the trainers, the drivers, the tack shop, the veterinarians. We had one veterinarian here, Mark Biederman, who moved to California. Everybody just moved away.

Mr. Victor Fedeli: When you said that you were the first slots and it was unsuccessful and then the first to be thrown out, what do you mean by that?

Mr. Wayne Craig: We were the first in the province to have it. I worked in the backstretch at that time, and I remember when the minister came touring through the backstretch. It was a big deal. We were the first. They needed the horsemen's permission to get the casino going, and we gave it to them reluctantly.

Mr. Victor Fedeli: So are the slots there, but no horses now?

Mr. Wayne Craig: No, there's nothing there. The whole place was torn right down.

Mr. Victor Fedeli: The whole place is gone.

Mr. Wayne Craig: Forty-five years of history levelled to the ground without one—I'll leave it at that.

The Chair (Mr. Peter Z. Milczyn): Fifteen seconds.

Mr. Victor Fedeli: You have 15 seconds left. Is there anything that you wanted to add?

Mr. Wayne Craig: I just wish that we could continue. We don't want the horse racing to be subsidized, but maybe we could have a working relationship. I don't know if it is possible that I can even find an owner who would be interested in purchasing and running a track here. I don't know if the government regulations would allow that. But one thing is certain. The proof is here—you look at Lakeshore; you look at the per-bet average—that there is a market. We just need an upgrade in the market.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Craig. If there's something you'd like to provide in writing to the Clerk, you can do so until 5 p.m. on January 20.

Mr. Wayne Craig: Thank you. On behalf of the Horseplayers of Windsor and Essex County, I wish all members and all people in the room a very merry Christmas and joyeux Noël.

The Chair (Mr. Peter Z. Milczyn): And to you and your organization as well. Thank you, sir.

SPIRITS CANADA

The Chair (Mr. Peter Z. Milczyn): Our next witness is Spirits Canada.

I don't think we're allowed to drink this early in the morning.

Mr. Jan Westcott: If I left them, I'd be a bootlegger and I'm not sure what you guys would be. But we are in Windsor.

The Chair (Mr. Peter Z. Milczyn): Sir, you know how it works. You have 10 minutes for your presentation. There will be five minutes of questions following from the New Democratic caucus. If you could please state your names for the official record as you begin.

Mr. Jan Westcott: I am Jan Westcott, and I'm joined by my colleague C.J. Hélie from Spirits Canada.

It was 158 years ago and a few short miles from here that an ambitious American entrepreneur crossed the Detroit River and founded what is today the largest distillery in North America, Hiram Walker and Sons Ltd. At the same time, J.P. Wiser was taking over the Charles Payne distillery and farm in Prescott, owned by his uncle. The following year, they were joined in the burgeoning Ontario craft distillery business by Henry Corby, who opened his own distillery close to what is now Belleville.

Other whisky titans soon joined their ranks, names that are still represented on bottles of some of the finest whiskys made today: Joseph E. Seagram, James Worts and William Gooderham.

It's no coincidence that these entrepreneurs all started in the milling business. Their whisky businesses were literally offshoots of their grist and milling operations,

finding higher-value end uses for the province's abundant barley, corn, rye and wheat crops. Today's Ontario spirits industry remains inexorably tied to Ontario's cereal grain farmers.

In the days of Henry Corby and Hiram Walker, it was customary for farmers to set aside a portion of their inferior grain for diversion into whisky making. Today, it's only the very best of the best that finds itself in our whisky. Quality control, both highly technical as well as the exacting personal touch—the smell and feel of our master distillers—mean only the highest-quality cereal grains are accepted for mashing, milling, fermenting, ultimately distillation, and then maturation into Canadian whiskys.

Some days, I fear that ours will be the last generation to enjoy the fruits of a vibrant, healthy local distilling business. I wonder whether the next generation of Ontario cereal grain farmers will have a local whisky market for their goods.

Successive policy decisions have squeezed the vitality out of Ontario's spirits production. Punitive tax rates and restricted market access have combined to make for extremely challenging times. In each category's principal retail sales channel, manufacturer gross margins in Ontario for distillers are half to a quarter of that available to brewers and vintners. Mind you, these are gross margins. After accounting for the cost of goods, production, maturation, sales, and marketing and promotional costs, net margins for Ontario's spirits manufacturers are approximately 6%. Just to be clear, net margins are not profits, and 6% net operating margins are not sufficient to fully fund all the requisite investment necessary to remain globally competitive: investments in plant efficiencies and infrastructure, investments in brand and packaging development, investment in new market development, investment in laying down distillate for maturation, and investment in consumer education and marketing.

The financial margin squeeze for Ontario's spirits manufacturers is compounded by the ongoing expansion of retail access opportunities for beer, cider and wine while ghettoizing spirits solely within the LCBO. Ontario is the only jurisdiction in the world with a significant local spirits manufacturing base that provides preferential retail access to imported products, such as beer from Mexico or wine from France, that is not available to locally made spirits.

In Ontario today, Ontario-made spirits, made 100% from Ontario grains, have access to 30% to 40% fewer retail stores than beer, cider or wine. This retail access gap will increase dramatically over the coming years as an additional 300 groceries are licensed to sell these other products, but not spirits. In fact, Ontario has the dubious distinction as the only province with fewer than a single retail outlet for sales per 10,000 consumers.

0940

The result of these discriminatory tax and access policies has been a dagger into the heart of the Ontario spirits business. We've seen spirits' market share of the

Ontario beverage alcohol market shrink from 30% to just over 27% over the past two decades, a period in which spirits' market share in the less gerrymandered and less hostile-to-spirits American market grew from 30% to 36%.

The reality is that consumers across many varied jurisdictions have shown a renewed interest and passion for spirits, particularly for premium and aged products like whisky. Rye whisky, spirits cocktails and mixology are all driving spirits sales, yet Ontario distillers have yet to truly benefit from these trends.

As I alluded to earlier, the sole route to market for spirits in Ontario and the only place a consumer may buy spirits is the LCBO. Adding insult to injury, within our sole mandated retail channel, spirits has over the years been squeezed into a smaller and smaller footprint with less and less emphasis and focus, as the LCBO was directed by the government to help drive Ontario wine and, more recently, beer sales. The current LCBO business plan forecasts a further decline of spirits as an overall share of their net sales for the next few years.

It's not all doom and gloom. We are engaged with the enthusiastic new leadership of the LCBO to develop a strategy to rebuild spirits' share within the LCBO to over 40% over the next five years. There were a number of promising ideas that were generated at a spirits summit recently convened by the LCBO. Notwithstanding that, we appreciate the scope of the challenge to try to refocus a large organization like the LCBO.

We believe that many in the LCBO now understand that with beer, wine and cider in grocery stores, the LCBO has to become the destination store for spirits. Spirits are the LCBO's highest-margin product, and its only true competitive advantage over its private sector competitors.

The LCBO will have to re-educate its entire retail sales team to understand and appreciate the range and versatility of spirits. New merchandising and promotional opportunities will need to be created for spirits. Broader and deeper spirits retail inventories are going to be required, and greater collaborations with spirits brand owners is going to be necessary to drive this change.

Other positive signals have also been recently sent. The Premier's Advisory Council on Government Assets, in its final report, at least tacitly acknowledged that Ontario's spirits taxes have been pursued too aggressively and recommended that no future sales taxes on spirits be adopted. We welcome this recommendation.

More recently, Ontario Bill 70 introduces a modest increase in the margin available to spirits on sales through distillers' own on-site manufacturers' stores. It's perhaps not quite as generous as one may have hoped, but we welcome the positive gesture that will see retail margins increase from about 13% to about 20% for sales through these stores.

The reality is that as the business in Canada and Ontario became less and less profitable over the years, spirits manufacturers cut and cut and cut wherever they could. Many around the world have said that Canadian

spirits manufacturers became global leaders in cost engineering; that is, in the practice of taking costs out of the business and operating—existing, really—on the absolute lowest margins possible.

For our members, on-site manufacturing stores, as money-losing operations, became victims of these efficiency measures, and they were all closed. While many of our member companies see great potential value in establishing visitor centres—or what are commonly now being called “brand centres” or “heritage centres”—it's too early to tell whether the proposed increases are going to be sufficient to induce their reopening by commercial distillers.

Before I close, I want to comment on our export business. To be honest, we have been disheartened to hear that some have used our strong export focus as a rationale to discriminate against spirits here in our home market. It's true: Fully 70% of our local production is sold internationally and, yes, locally made spirits represent two thirds of the value of all Ontario beverage alcohol exports. The potential for Ontario spirits export is real, yet the same underinvestment in the domestic market also impacts our foreign sales. All export development must be funded from one's home market.

Canada's and Ontario's margins on spirits place the industry at a distinct disadvantage versus our biggest competitors in American bourbon and the Scotch or Irish whisky businesses. Industry investment in the Canadian whisky franchise lags that in these other major internationally traded whiskies. In fact, shipments of Irish whisky first surpassed those of Canadian whisky in 2010, relegating us to fourth place amongst our internationally recognized major whisky categories. In my lifetime, from a very strong second, only to scotch, all thanks to ill-considered government policy, we've dropped to fourth place.

I'd like to close with a couple of recommendations for the committee to consider. Number one: the endorsement of the establishment of a formal target for spirits sales of 40% of LCBO total net sales by 2021 or 2022.

Recommendation number two: the extension of the LCBO's current 49% product discount which we make available to foreign diplomats, embassies and consular posts in Canada. We'd like to have the same opportunity for Spirits Canada to buy our own product, so that we can send it to Canadian diplomatic posts abroad and promote our whisky—whisky that's going to be destined for Canadian and Ontario foreign offices, consulates, trade promotion and international marketing centres for the promotion and showcasing of the best whiskies, some of these whiskies here today.

There's no cost to the government associated with this recommendation, because these sales are not occurring today. We basically give foreigners operating in Canada the opportunity to buy their goods at a discount from the LCBO. We're saying, “Can we have the same opportunity so that we can send our goods abroad to our diplomatic posts to use and promote Canadian whisky?”

The third recommendation is flexibility in locating spirits manufacturers' stores. In a number of our circum-

stances, it's not conducive to put your brand centre or your heritage centre right at the distillery. We're a little bit out of the way. Our centres are in great places, but we're in Collingwood, we're here in Windsor, we're in Amherstburg. We're not in downtown Toronto. If you want to do a really impressive brand centre to promote our brands, we need some flexibility. The wine industry has had that for 50 or 60 years. The beer industry has had the Beer Store. The spirits industry needs something—

The Chair (Mr. Peter Z. Milczyn): Mr. Westcott, I'm going to cut you off. I did give you a little extra time.

This round of questions is to Ms. Gretzky.

Mrs. Lisa Gretzky: Thank you. I guess I'm the lucky one because Hiram Walker—although it's not in my riding; many think it is—is in my city. I had the pleasure of having a tour of the distillery. I can tell you it's an amazing facility and, without giving away any of their secrets, they make product that is not necessarily of their brands. They do theirs and some others. But that goes to show what a benefit they are to our community. Because they are able to diversify, they are able to employ more people and keep the people of Windsor and Essex county working.

Things have come a long way since Hiram Walker first came. I actually just recently did a tour of Canadian Club. It looks like it's the same property, the same ownership as Hiram Walker. If you're here for a little while, go do a tour and that will give you the history of how Hiram Walker came to be and how it turned into what it is today.

The difference between, as Mr. Westcott pointed out, the quality and the controls that they do now compared to then—they told us stories. Imagine that they used to make whisky and keep it in a big container, and people would come with their own jug and dip their entire arm in to scoop their alcohol out and then leave. Then someone else would come along and do the same. So imagine the difference now. I can tell you, having been on the production line, they definitely take quality control and sanitary measures they didn't used to back in the day.

My question is, when we look at how much the product is taxed between the federal and the provincial governments, and then when you look at the availability of other products such as wine and beer outside of the LCBO—so in grocery stores and such—what would that look like if spirits were allowed to be sold in the same venues that wine and beer are? What do you think that would do for the spirits industry?

Mr. Jan Westcott: I'll answer that two ways. First of all, convenience is really important to consumers today. We all lead very busy, hectic lives and so when things are convenient, you access them, you buy them. If you don't have that convenience, we're out of that loop.

The second thing I would say is that, in the mid-1980s, the government of Quebec made a decision to allow beer and wine to be sold in large chain grocery stores, but not spirits. Before they made that decision, the spirits industry in Quebec had 40% of the beverage alcohol market, so four in every 10 drinks was a spirits drink.

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Within about seven or eight years, beer and wine went into the chain grocery stores, depanneurs. Within about seven or eight years, our market share in Quebec had gone down to 14%. What do you think happened? We closed all kinds of distilleries. We basically took Quebec out of the North American supply chain. We stopped buying grain in Quebec—or we don't buy as much grain in Quebec. That happens. Why does that happen? That happens because consumers are looking for that convenience.

Beer and wine are sold in a vast number of stores that spirits don't have access to. We're not in farmers' markets. We're not in grocery stores. Make no mistake: We have a very good working relationship with the LCBO, but the LCBO has 850 stores when you add in the agency stores.

It also sends a message to consumers—a false message—that somehow spirits are different. All that old mythology about spirits that people have is very, very damaging to the spirits industry in Ontario.

This product, Crown Royal, a cornerstone—by the way, all of the Crown Royal in the world is shipped out of Amherstburg, just down the road here. We sell 650,000 cases of Crown Royal in Canada and 5.5 million in the United States. This whisky was just picked by Whisky Advocate magazine in the United States in Baltimore, which is the leading whisky publication in North America, as the best whisky of the year. You've all heard that Crown Royal Northern Harvest Rye was picked by the Whisky Bible as last year's international world whisky. So we're making products that are fantastic, but our own circumstances—people come from other countries and they can't believe, because of where we are, that we don't have better access than the beer and wine industry.

The Chair (Mr. Peter Z. Milczyn): Thirty seconds.

Mrs. Lisa Gretzky: My other question is going to be about hydro rates. What is that doing? You're talking about a net margin of 6%. What is the cost of hydro doing? I remember walking through the plant here and seeing the machinery and lights and everything running. What is that doing, as far as profit margins for the large distilleries?

Mr. Jan Westcott: We're a heat process business. We make steam to run the stills. Predominantly, we use gas.

In the 16 years I've been in the spirits business, I've never heard anybody talk about electricity. Mostly, electricity is used to run our bottling lines or for motors and things like that, and lights.

In the last couple of years, the cost of electricity goes to our competitive ability. All of these products are made here, but they're mostly sold in the United States. The question becomes, can we bottle them here and finish them here as competitively and as economically as some of the large operations in the US? We've lost some of our bottling. Things like electricity cost increases go to the competitiveness of our footprint here in Ontario.

Six years ago, Ontario lost bottling for Canadian Club sold in the United States to Arkansas, a big plant—

The Chair (Mr. Peter Z. Milczyn): Mr. Westcott, I'll cut you off there. I've been generous with time.

If you have anything additional in writing you'd like to provide to the committee, you can do so by 5 p.m. on January 20.

Mr. Jan Westcott: Thank you for your time this morning.

LEGAL ASSISTANCE OF WINDSOR

The Chair (Mr. Peter Z. Milczyn): Our next witness is Legal Assistance of Windsor.

Good morning. You have up to 10 minutes for your presentation, following which there will be five minutes of questions from the Liberal caucus. If you could please state your name for the official record.

Ms. Marion Overholt: My name is Marion Overholt. I'm the executive director of Community Legal Aid and Legal Assistance of Windsor.

I would like to extend a very warm welcome to the standing committee today. I'm delighted to have you in Windsor.

As we mentioned coming in, everyone noticed what a cold morning it was after a very severe cold snap last night. I think it's important for the committee members to remember that, given the coldness last night, we would have had approximately 200 people on the streets of Windsor who are homeless seeking shelter.

If any of you had an opportunity to look at the Windsor Star this morning, you would have noted that the Goodfellows of Windsor are preparing 5,000 gift baskets for a Christmas dinner and that the Salvation Army has another 400 families that they would be trying to feed over the holiday season, and they're experiencing a shortage of volunteers and are worried that they're not going to have enough money in order to feed the needy people of Windsor. I think you can understand why the presentation that I'm making today is looking at income security and housing. I see this budget as an opportunity to invest in the human capital of this province.

Our legal clinics assist clients in accessing social assistance, disability, EI benefits, employment standards, family law and criminal law representation. We work with many low-income clients, including clients with disabilities, survivors of human trafficking and domestic violence, and racially marginalized clients, and most recently, we've been funded to provide legal supports to indigenous clients.

We are supporting the call by the Interfaith Social Assistance Reform Coalition for the government to invest \$1 billion in social assistance rates and rule changes in this budget. We understand the government is committed to piloting a basic income project, and we will be participating in the consultations early next year. In the meantime, it is time for a concrete fiscal commitment.

A billion-dollar investment in social assistance could allow for a modest but significant 10% increase in social assistance rates of about \$700 million. It would be helpful to apportion the money between Ontario Works

and ODSP recipients. We know that the impacts of poverty are poor health, preventable disease, food insecurity, insecure housing and homelessness, and lower educational attainment. As the cost of living for essential items like hydro, housing and food continues to climb, we can't pretend that a 1% increase in social assistance is going to make a difference.

We're asking for an investment of \$300 million in rule changes. The Ontario government has improved the rules for social assistance. The exemption of the child support payments, which will begin in January 2017, is a significant step. Now is the time for this pattern of rational reforms to continue.

I will review the list that has been created by the Income Security Advocacy Centre, which is one of our partner legal clinics that provides systemic advocacy on behalf of low-income Ontarians. I am adopting and supporting their list and explanation of the top rule changes.

(1) We're asking for a change in the definition of "spouse" in Ontario Works and ODSP to align with family law. The current rules define a spousal relationship as starting after two people have lived together for three months. This creates financial obligations. In contrast, under family law, such a financial obligation exists only after three years of living together.

(2) We're asking for the ODSP double-disabled cap to be eliminated. When two people with disabilities are on ODSP as a single-benefit unit, they are subject to a rule that places a cap on their incomes. This rule denies the reality that a couple where both people are disabled will have additional costs related to their disability.

(3) We're asking that employment insurance income and CPP benefits be treated as earned income in OW and ODSP. Currently, the programs are deducted at their gross amounts. What this ends up creating is a problem where people on social assistance who lose their jobs become ineligible for OW or ODSP because their income from EI is deducted at a higher rate than their income from earnings. This can put their housing and health at risk. Changing the rule would end the disincentive to work that is created by such situations.

(4) We're seeking an increase in the flat-rate earned income assistance exemption from ODSP, increasing it from \$200 to \$500. Many people on ODSP may need to receive support from the program for a lifetime. As such, the low allowable earning amounts effectively cap their earnings at below-poverty levels, negatively impacting their quality of life and inclusion in society over the long term.

(5) We're asking that the ODSP medical transportation mileage rate be increased to cover real costs. It is currently set at a very low rate of 18 cents per kilometre.

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(6) We're asking that people on Ontario Works be given the same dental coverage as those on ODSP. We recognize that this is a benefit that should be extended to all low-income Ontarians.

(7) We're looking to increase the benefit fairness in ODSP and asking that the ODSP boarding and lodging

rate be eliminated. People in group homes and retirement care homes often live in substandard conditions and receive substandard care due to the lower amounts of money provided by the boarding and lodging rate. People in this situation have been known to lose their housing as a result, as the facility is unable to sustain their residence and care on this low rate.

(8) We're asking for a change in the treatment of loans. When people on OW and ODSP borrow money in small amounts to make ends meet, the amount of the loan is treated as income and deducted at 100% from the benefits. Given that the loan also has to be repaid, people in this circumstance often end up further impoverished as a result.

I now turn to the issue of housing. As you know, housing is one of the largest costs that Ontario families face. Too often, Ontarians have to decide between paying rent or buying food. Some 43% of renters in Windsor are spending more than 30% of their income on housing.

This issue has been downloaded to the municipality, but declining revenues in economically depressed regions like Windsor mean that the essential service of providing support to social assistance housing and repairs and increasing the affordable housing stock is not being addressed.

The government eliminated the community start-up benefit and instead provides transfer money to the municipalities through the CHPI program. That funding does not meet the need, so, locally, the committee has to choose between allocating funds to keep people housed or restoring homeless people to housing. In a province as rich as Ontario, this is a ridiculous and unnecessary choice.

The income inequality that exists in Ontario is a threat both to our social cohesion and to our economic well-being. The good news is that it is fixable, and I commend that task to you. Thank you very much.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. This round of questions begins with Mr. Rinaldi.

Mr. Lou Rinaldi: Thank you so much, Ms. Overholt, for your presentation today. It is very compelling. I think you touched on a lot of issues.

Ms. Marion Overholt: Yes.

Mr. Lou Rinaldi: Congratulations that even in such a short time, you were able to cover that kind of territory. But I'm glad you did because, as elected folks from all sides of the House, we need to be reminded. There are pressures everywhere, but I think it's important that we hear from specific folks about the work they do. I commend you and your organization on the work you do.

I have Northumberland legal aid folks—for a while we were neighbours. Their offices were next to ours. We had an excellent relationship, and I still meet with them on a somewhat regular basis. They bring some of those issues, so it's not new to me.

As MPPs, I know we do it. There's a point where people are, as it were, stuck in the mud—that we refer them, many times, to the service that you provide, and you are able to help them. One of my thoughts has

always been that sometimes people just need a little bit of a hand up. Otherwise, they are just spinning their wheels; they don't get anywhere.

Having said all that, I would ask, can you be a bit more specific on the benefit that you provide? You talked about the needs, and we get that. If you can expand on the service that you provide: What kind of feedback do you get from the folks who get that kind of service? I know some of it is more complex than others; some of it might be simple. But is it something where the investment that the province is making—a good measurable sense that people are getting some benefit, not necessarily government.

Ms. Marion Overholt: Right. So if I understand your question, you're asking me about the benefits that are provided by my legal clinic.

Mr. Lou Rinaldi: Sure.

Ms. Marion Overholt: What we find with our clients is—because, in order to be eligible for our assistance, people would be living in poverty—there is so much interconnectedness between the issues that they present with. If people have experienced difficulty in terms of accessing Ontario Works or trying to qualify for an ODSP benefit, very often they're experiencing a housing problem, so we would provide them with assistance and try to avoid an eviction and try to find the money for them in order to pay rent.

The difficulty is that their level of income is so low that they're in constant crisis. If we're able to resolve a housing issue one month, then maybe two months later, they may have an extraordinary hydro bill that they're unable to pay, and they are unable to get further assistance for that. Maybe we were able to help them with a short-term problem two months ago, but now it's reoccurring and it's because of lack of income.

We're constantly trying to advocate on behalf of our clients, to get the most benefits that they are eligible for, whether in federal benefits or provincial benefits, but also to take the knowledge that we have from their experience and take it to committees like this.

Part of our job as advocates is to make sure that we're addressing the systemic problems. We see this issue of income insecurity as one of the systemic problems that we need to raise up for government and seek redress. We can help people—we help them if they're facing criminal charges; we help them with family law—but the income insecurity underlines all of those issues. We'll see families who experience domestic violence, but they're afraid to separate because they're afraid of the poverty that they're going to encounter once they're trying to raise their child as a sole-support parent.

We feel a legal and moral obligation to raise those situations back to government, to make sure government is aware of what people's lived experience of poverty is, and what the legislative fix for that is. Really, in this province, we're legislating poverty, and we don't need to.

Mr. Lou Rinaldi: Thank you so much, and thanks for doing all the work you do, along with your colleagues. Please don't stop doing it.

Ms. Marion Overholt: We won't. Thank you so much.

The Chair (Mr. Peter Z. Milczyn): Thank you. If there is something additional that you want to present in writing, please do so by 5 p.m. on January 20.

MR. JOHN CRYDERMAN

The Chair (Mr. Peter Z. Milczyn): Our next witness is Mr. John Cryderman. Good morning, sir.

Mr. John Cryderman: Is it all right? I'm going to put my coat back on. It's actually freezing in here.

The Chair (Mr. Peter Z. Milczyn): It's a bit cool.

Interjections.

The Chair (Mr. Peter Z. Milczyn): You have up to 10 minutes for your presentation, and following will be five minutes of questions from the Progressive Conservative caucus. If you would like to state your name for the official record as you begin.

Mr. John Cryderman: John Cryderman. Before I forget, if you have any of these left over, I need five, okay?

I didn't know how I was going to present this. I can't solve the entire set of problems that we have in the country or in North America. But looking over the pre-budget eight focus areas, I think three have everything to do with what I'm going to present today: investing in community infrastructure projects; making government services faster and easier to use; and supporting Ontario's small businesses.

I guess that indirectly, what I'm submitting today is, hopefully, going to support this. I've got a lot to go through, so I've circled things so I can breeze through this a little bit quicker, because I don't want you guys here until 5 o'clock tonight.

Canada is sitting at a \$1.3-trillion debt right now. We've got \$60 billion, as everybody knows, in interest payments to service that trillion-dollar debt. In the province of Ontario, sitting now with a \$309-billion debt, \$12 billion goes to servicing that debt. We're working with a \$137-billion budget for Ontario. By the time we get done paying for mandatory costs like wages, pensions, social services, education and even the \$12 billion a year to service that debt alone, we don't have a lot left when it comes to the \$137-billion or \$135-billion budget.

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Everybody that I talk to seems to want to blame Ottawa. They seem to want to blame Queen's Park. Well, my submission today is that we have to take a really close look at municipalities. We have 444 municipalities in Ontario, and when you look at the overall expenses of these municipalities, it comes to \$55 billion annually, according to the FIR records. When we look at the municipalities, the province has now given them more leeway to self-govern.

There are a couple of faces here today who I'm familiar with, who know my involvement with provincial management. I've had a lot of experience when it comes to what I'm going to choose to say is mismanagement on

a municipal level. I believe that we can save \$10 billion to \$15 billion to \$20 billion a year if we introduce legislation to amend some of the current acts that we have, like the auditor's act. Currently, the auditor's act does not give any leeway to have the Provincial Auditor look over municipal books at any one time at his or her discretion. The only time a municipal auditor can look into finances is through grants and so forth, and it's specific to those grants.

What I'm going to do is start with page 1, the lower bottom right of my package here. We'll kind of breeze through it. I've got things circled here, so I'll be as quick as I can because we don't have a lot of time. The focus of the presentation is to re-examine the current extended authority given to municipalities allowing municipalities to govern and self-manage. The second paragraph of page 1: I submit that one ingredient to be used for our provincial book balancing is to not start with Ottawa and the provincial government's management, but to start from the bottom up, so to speak, and repair the money leakage in our provincial bucket—my terminology—from the municipal level.

The preamble: Currently, under the Municipal Act and the auditor's act, municipalities are not legislated to give any details to the province as far as how they're going to invest. Even though they submit their annual tax returns, there is nothing in the Municipal Act or the auditor's act that would create any incentive for municipalities to be far more prudent than they are, from my experiences, in local investments.

For the sake of Chatham-Kent—and I have to use them, because that's my hometown—in the last few years, they've invested over \$60 million in local projects, and it's all documented, so I will back up my statements. Those project have now proven to come out with zero, negative or very little dividends paid back to the taxpayer. Annually, the province kicks in about \$10 billion to municipalities every year in conditional and unconditional grants. Well, if municipalities are not held accountable—and there has got to be a close liaison between the province and municipalities—there is a lot of money being wasted.

If we can skip to section (a), if everybody has section (a) in the handout, at the bottom of page 3, I've circled this—and you can read all the other stuff later. Once again, the time restriction has forced me to go through this very quickly.

As the province continues to upload about \$10 billion annually to Ontario municipalities both in conditional and unconditional grants and the squandering of tax dollars at a municipal level—I'm submitting to the panel today that we could save up to 20% of that, if not more. I'll get into it in a little bit more detail as we breeze through this.

Page 4, under (a), Examples of Municipal Government Ineffective Investment-Management, the first sentence: My position is that one of the largest financial bleeds to a province is the management system, cumulative, of all the municipalities we have. Now, I've had a lot of

meetings with various elected members of a number of municipalities in Ontario. They all seem to share the same, or similar, concerns that I am presenting to you today.

On page 4, the municipality of Chatham-Kent, under “Capitol Theatre project”—nobody is against theatre. I, personally, love theatre. But we, I’ll use the word, swiped \$7.2 million from the province under the job creation funding program back in 1997-98 for the Capitol Theatre. Our office did a cost analysis on the Capitol Theatre before it was built. We encouraged the municipality not to go ahead. We also put in our financial estimates as to how much the Capitol Theatre would lose if they went ahead and built it. They went ahead anyway, and today, according to the FOI records that I got from the province, we’ve got somewhere between \$23 million and \$26 million tied up in the Capitol Theatre, and it can’t pay for itself. We’re losing about a million dollars a year on the Capitol Theatre, which in our jurisdiction represents a 1.3% tax hike.

Chatham-Kent industrial park: It currently sits at \$20 million, total investment. Again, our office did a cost analysis for the industrial park, encouraged them not to build it and told them what it was going to cost and how much they were going to lose. The municipality went ahead and built it anyway. We’re taking in \$336,000 a year in net revenues, but it’s costing us \$750,000 to try to pay on the principal. We can’t even pay off on the principal.

Tecumseh Park upgrade: The municipality wanted to go ahead with a \$3-million upgrade to our Tecumseh Park to try to create a tourism attraction. But when you look at the full scope of everything in Ontario, there are parks that we can’t compete with because they’ve got \$10 million, \$15 million, \$20 million, \$30 million invested. I explained to them that it’s not going to work. Instead, they took the \$3 million that they had budgeted for Tecumseh Park, turned it over to Kingston Park and invested in Kingston Park, which is great, but they went \$2 million over budget, and that’s the end of that story.

The Bradley centre: We did another cost analysis for the convention centre that Chatham-Kent recently built. It showed them that it would cost about \$1.5 million to \$1.7 million a year to operate, and we’ve never been able to pay down on the principal, which has come to fruition—

The Chair (Mr. Peter Z. Milczyn): Okay, Mr. Cryderman, you’ve already gone a little bit over your time.

Mr. John Cryderman: Oh, dear. Okay.

The Chair (Mr. Peter Z. Milczyn): Mr. Barrett has questions for you.

Mr. Toby Barrett: Thank you, Mr. Cryderman. I hear what you’re saying, just in the context of how municipalities are a creature of the province, created by the province. There’s been quite a history in Chatham-Kent with the amalgamation a number of years ago.

When I was first elected, there was a great deal of concern—the concerns you were talking about—from

property taxpayers. A number of groups organized across the province. At that time, we had a regional level of government that—there just didn’t seem to be any oversight. We were a little closer to the local level. The end result: We actually got rid of the regional level of government a number of years ago, but things continue to grow.

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I know you did run out of time, but I just wonder. People are always concerned about their property taxes. As our population is aging, they want to hang onto their houses and their farms and their property. Do you find that people understand municipal budgets? Do people have the information they need? You talk about provincial oversight; much of the oversight is really from the citizens of the municipality. But do they have the tools to do the job?

Mr. John Cryderman: That’s a very good question. Most, if not all, taxpayers, when municipal budgets are presented each year, as required by legislation, do not understand the comprehensiveness of the budget. They’re clouded, muddled, and anybody in the audience who I’ve asked who tries to understand the budgets can’t. Nobody will understand this coming budget.

We just used Chatham-Kent as an example. No one will understand that in Chatham-Kent’s budget, we give raises to grade 10 employees and up this year. No one will understand that the police chief and the deputy chief get a free, taxpayer-funded vehicle. Nobody will understand that the fire chief and the deputy fire chief get a free, taxpayer-funded vehicle. There are a lot of things in there that the public just doesn’t understand.

In Chatham-Kent, for example, we spend \$138 million on wages and pensions every year, but our net revenue is only \$146 million. It’s hard to exist on that.

Interjection.

Mr. John Cryderman: Go ahead, Vic.

The Chair (Mr. Peter Z. Milczyn): Mr. Fedeli.

Mr. Victor Fedeli: Welcome back, Mr. Cryderman. I have a question about these corporations that municipalities are forming. I have seen a trend start, probably only a couple of years ago, where municipalities form a municipally funded, arm’s-length corporation, primarily for economic development, but it is no longer able to have an FOI. You cannot do freedom-of-information on what that money is being used for. Do you have any comment? Have you seen this as well, or am I just seeing an aberration?

Mr. John Cryderman: Vic, I work with it every day, and this is something that I want to share with everybody: I’ve got nine FOIs filed with the municipality—and please, this is not an attack on Chatham-Kent; I’m trying to establish something here. I’ve got nine FOIs filed toward the municipality. I got them back late yesterday afternoon. They declined to answer the questions.

One of the issues we have is that there’s no transparency, or little transparency, or transparency seems to be manipulated severely with municipalities. Again, I use Chatham-Kent as an example. I’m trying to stay on track,

and that's part of my answer to the railroad situation. Chatham-Kent formed a separate corporation apart from the municipality of Chatham-Kent, as Vic laid out, to escape the FOI legislation. A lot of people don't know that for that railroad track that we invested in, going nowhere, we've got \$12 million of taxpayers' money set up.

Additionally, the municipality's fire department—very, very crucial here—was allowed to set up fund-raising organizations for that department. It was expressly stated that the department can go ahead and raise money to pay for its own expenses. Well, when you look at the \$52 billion or \$50 billion that non-profit corporations in the private sector across Ontario produce, they contribute heavily to our GDP. Our fire department is currently competing against the United Way and all the local organizations. Once you start that precedent on a local level, it's going to snowball across the province.

What I'm trying to do is, I want the extra money that we can save—sorry I couldn't get through this—to be put towards better prioritization in the province. Health care is very important. Infrastructure is very important. Then we get into social programs and social justice. But I'm trying to establish that the money is there, if we stop the municipal bleeding. We don't need a fist fight with municipalities—

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Cryderman.

Mr. John Cryderman: Okay.

The Chair (Mr. Peter Z. Milczyn): We've used up more than the allotted time. If there is anything further you'd like to submit in writing, you can do so until 5 p.m. on January 20. I'll give your submission that I got back to the Clerk and he can give it to you—

Mr. John Cryderman: We could do that.

The Chair (Mr. Peter Z. Milczyn): —if you need it for some other meeting.

Mr. John Cryderman: I've got a presentation to make before council shortly, so I need five—I don't need the nice ones that are bound. Give me the ones that are stapled; they will do just fine.

The Chair (Mr. Peter Z. Milczyn): It forms part of the official record, so we have it back at Queen's Park in any case.

Mr. John Cryderman: Well, okay.

The Chair (Mr. Peter Z. Milczyn): Thank you, sir.

GREATER ESSEX
ELEMENTARY TEACHERS'
FEDERATION OF ONTARIO

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Greater Essex Elementary Teachers' Federation of Ontario. Good morning.

Ms. Adelina Cecchin: It's chilly in here.

The Chair (Mr. Peter Z. Milczyn): It's a bit cool.

You have up to 10 minutes for your presentation, following which there will be five minutes of questions

from the New Democratic caucus. If you could please state your name for the official record as you begin.

Ms. Adelina Cecchin: Sure. It's Adelina Cecchin. I'm from the Greater Essex ETFO.

Good morning, everyone. Greater Essex welcomes the opportunity to be able to participate in these pre-budget consultations. By way of background, our local represents approximately 1,550 public elementary teachers.

Public education is an important cornerstone in a democratic society. It promises equal opportunity to all students in acquiring an education. When funded properly, it can deliver a future of great promise for every one of our students.

Recently, our 2015 PISA test results reveal that Canadian students are among the highest achievers in the world in science, math and reading. This success comes in large part from the dedication of our teachers, who work with students day in and day out to build their attitudes and skills and the necessary competencies for the ever-evolving world of today.

Although these PISA results bring favourable national recognition, the report card on public education here in Ontario needs improvement. Despite their demonstrated dedication, teachers have had to pay a hefty price over these last few years due to the province's fiscal policies and constraints.

The 2013 budget confirmed that the savings generated from the cuts to teachers' sick leave and retirement gratuity provisions, along with salary delays, contributed \$1.1 billion to address the provincial deficit. Further, in 2015 the budget reported that the province realized an additional \$1.6 billion in savings as of the 2014 budget because of lower pension costs related to constrained public sector growth and to better-than-expected performance.

The math lesson here is clear: Teachers have contributed more than their fair share to deficit reduction.

While it is true that the Liberal government has increased education funding since taking office in 2003, the additional funding has only gone partway in addressing the \$2 billion in cuts imposed by the former Progressive Conservative government to public education. Public education is struggling to deliver on its democratic promise because of these unrecovered PC funding cuts, while at the same time trying to fiscally manage the annual cost-of-living increase since the 2003 cuts.

A comparison of per student spending, using the 2011-12 data from the Census Bureau of the United States Department of Commerce and from Statistics Canada, puts Ontario in 21st place out of the 36 jurisdictions in Canada and the United States. In Canada, Ontario ranks behind Alberta, Manitoba, Saskatchewan, New Brunswick, and Newfoundland and Labrador.

These un-restored cuts to funding are one piece of the underfunding in public education. There also exists a funding differential between elementary and secondary. Per pupil elementary grants are funded considerably lower than the grants for secondary students. Because of this historic gap, elementary education is therefore

affected to a greater degree with cuts to services, supports and opportunities. For example, programs such as special education, English as a second language, design and technology, physical education, library and the arts continue to be cut and shortchanged. This funding differential needs to be corrected. We cannot claim to have an education system that provides equal opportunity to all students when funding is differentiated at the elementary and secondary levels.

1030

There is another factor affecting public education today: the increase in special-needs students. Special education funding is based on a combination of enrolment and a statistical formula. It does not reflect actual school board needs. Data from the People for Education 2016 annual report on schools show that in 2016, 26% of elementary schools reported that not all students are receiving recommended special education support, an increase from the 22% of the prior year.

In 2015, it has been reported that almost 80% of school boards spend more than what they are allotted by the province in the area of special education. This means, then, that school boards are forced to take funds from other program areas in order to support special education and our most vulnerable students. In the 2015-16 Grants for Student Needs, special education funding was cut for 38 school boards, totalling \$22.5 million in cuts.

In its 2007 election platform, the Ontario Liberal Party committed to reviewing the education funding formula by 2010. This has not yet materialized. Public education deserves this comprehensive review, and elementary education deserves the right to equal funding.

Special-needs students: Meeting the needs of special education students through early identification continues to be a challenge across the province and here locally. The number of students identified as requiring individualized plans and support to address their individual learning needs continues to increase and outpace the grants to support special education.

In order to be implemented successfully, the move towards integrating the number of students with special needs into regular classrooms means more resources are required to support the students, as well as the classroom teachers, in terms of training, professional supports and material resources.

The expectation for teachers to meet the needs of such a wide range of learners with special needs, along with the accompanying required documentation—I'm talking about IEPs, which are individual education plans—and meeting the commitments are becoming unmanageable. The degree of documentation associated with supporting students with special needs is one of the top workload issues identified by a recent provincial study on teacher workload and professionalism.

To properly address the needs of special-needs students, it is especially important to provide additional professional support from educational assistants, behavioural counsellors, psychologists, speech and language pathologists, and audiologists. Unfortunately, these pro-

fessional support personnel are often the first to feel the effects of budget cuts within school boards.

The lack of these adequate supports can result in long waiting periods for proper identifications for students experiencing learning or behavioural issues. In fact, the 2016 People for Education annual report highlights that 59% of elementary schools report that there are restrictions on the number of students that they can place on waiting lists for assessments.

If a school cannot provide an assessment in a timely manner, parents may choose to pay for one privately, which can cost more than \$2,500. When parents pay privately, they avoid waiting lists, which can range from months to years. This lengthy waiting time is not fair to students who are in need of proper identification in order to receive early and necessary support. Such waiting can also have a direct impact on their chances for long-term success. Access to assessment and supports should not be contingent on whether parents can privately afford to pay. This runs contrary to the ideal of public education.

Full-day kindergarten: Full-day kindergarten for Ontario students is a significant education initiative. Preliminary Ontario-based research suggests that the investment is already producing strong results in terms of kindergarten students' early reading and writing abilities, through the complexity of their drawings, social competence, and problem-solving skills.

To fully realize the potential of FDK, the Ministry of Education needs to address the issues being identified, and this means more funding. The issues include class size and physical space, and professional learning to support the teacher and the early childhood educator team.

Although the kindergarten program is funded to have an average class size of 26 and an average staff/child ratio of 1 to 13, there are a considerable number of classes with 30 or more students. ETFO members, our teachers, consistently raise concerns about the challenges of setting up activity-based programs for that number of young children. Overcrowded classrooms limit the ability to take full advantage of the play-based program, and they can and do create stressful and overly noisy work environments.

Small class size: Like full-day kindergarten, the investment in smaller primary class size reflects the importance of focusing on early years education in order to promote student success and to achieve longer-term savings. Based on the research, we should be protecting our smaller classes at the primary level and also moving to reduce them in grades 4 to 8. Class sizes in grades 4 to 8 are the largest in the K-to-12 system. There is no pedagogical rationale for grades 4 to 8 being higher than those at the secondary level. Lowering class sizes in these grades would provide teachers with greater opportunity to develop strategies and interventions tailored to the learning needs of each student.

The Chair (Mr. Peter Z. Milczyn): I'll cut you off there. I already gave you a little bit of extra time. Questions are now from Ms. Gretzky.

Ms. Adelina Cecchin: All right. I do apologize for running over. And I'm not even done.

The Chair (Mr. Peter Z. Milczyn): I'm sure we could be here all day on education, so I understand.

Ms. Adelina Cecchin: Hi, Lisa.

Mrs. Lisa Gretzky: Hi. I appreciate you coming and presenting—and we could go for days, not just all day, talking about education. I appreciate the fact that I have a laundry list of questions, and you actually answered many of them in the bit of your presentation you were able to do.

You talked about the \$22.5-million cut specifically to special education funding, and the importance of those students being identified. That was an important piece, that there are some students who should be getting identified, but many boards are capping the list because they can't service all those students. Their way of doing that is "if we don't identify them, we don't have to service them." That's directly related to funding.

You talked about the current funding formula and how we hear about how funding has gone up. Enrolment has been declining, but we don't hear about how they've increased funding for the students with special education needs. So the need has gone up, even though there are fewer students.

Then you talked about full-day kindergarten, and the number of students in the classroom, and the necessity of having professional collaboration, which they don't have right now, where an ECE and a teacher can sit down and discuss the students in the classroom, and their needs.

I'm wondering, though, if you can talk about—you touched on kindergarten class sizes, where we're seeing a move towards an SK/grade 1 split. So we're now taking students that should be in a FDK classroom—it's a different program—and putting them into a grade 1 classroom. In many cases, boards do this in order to be able to eliminate staff and ECEs. I wonder if you can touch on what that looks like for students. That's the important piece for student learning, and for a teacher who now has two completely different programs that they're supposed to be teaching them.

Ms. Adelina Cecchin: It's a very difficult situation, because the premise for FDK was that it's a play-based, inquiry-based approach to learning, and it's very effective when it's done properly. The grade 1 classroom is very structured in terms of it is very subject-tailored. To try and integrate this play-based approach into an SK/grade 1 classroom doesn't work. That's the bottom line. It doesn't. It can work, but it's not working the way that it needs to be. You need the space and you need the supplies to be able to do a play-based approach, and you don't have that in the grade 1 classroom, so it's very difficult. You have SK/1 teachers managing two different grades within the classroom, and also not only managing those two different curriculums but managing these two different approaches towards teaching our little kids. It becomes really a quite challenging situation.

I believe there was an intent, because of funding, to try to really say, "Could this work?" Even though, as you've

seen, for example, here locally, it was attempted at least two years ago, there hasn't been traction around it because it's very difficult to implement.

1040

Mrs. Lisa Gretzky: My other question goes back to largely special education: students who have special education needs; those who have been identified, those who haven't; those who are getting the supports they need, those who aren't. Can you talk a little bit about—I mean, it's not new but it is just starting to come out publicly—the violence in the classrooms?

The fact is that now we don't just see the educational assistants, who know that they're going to be working with some students where they would require wearing Kevlar—for those who don't know, Kevlar is the same thing that police wear in bulletproof vests. Now we're seeing more and more teachers in mainstream classrooms who are having to wear full Kevlar hoodies and shin guards because they're having students in their classroom who are not receiving the supports that they need. Sometimes, that turns into behavioural and, sometimes, there's a spinoff effect, especially when you're talking about kindergarten to grade 1, the little ones. When one is taking the teacher's time, you'll see a spinoff, and the others' behaviour ramps up.

Can you talk a little bit more about the fact that we're seeing that—it's sad to say; we shouldn't have to say that—it's becoming more the norm for teachers and support staff to wear Kevlar?

Ms. Adelina Cecchin: You will see, over the last few years, the reality of what we're finding in classrooms, especially at the elementary—I can't speak for secondary. Because these kids are not getting the proper supports and they're not being identified—additionally, they don't have the EA support or the CYW because there are not enough of them. You have these kids who are being integrated into the regular classroom.

I do want to say that we believe in inclusion. That's a wonderful theory. However, to do it properly, you need the appropriate amount of funding for it to work. Because these kids' triggers are unidentified and there is not the support to be able to help them, you are seeing, across the province, an escalation around violence that is happening in our classrooms. You are seeing kids—because of these triggers that are exploding in classrooms—hitting, biting, kicking teachers and other students as well.

One of the remedies that the school boards, because they're struggling with this lack of funding and not being able to provide the appropriate kinds of supports—the solution to it is, as has been identified, to wear, for example, double Kevlar. There are teachers walking around with this kind of stuff. Some have to wear chest guards. When we talk about the dignity of education and what we are modelling to students, it's incomprehensible to me.

The Chair (Mr. Peter Z. Milczyn): I'll stop you there. All of our time has been used up. If there is anything you'd like to submit in writing to the Clerk, you have until 5 p.m. on January 20 to do so.

Ms. Adelina Cecchin: Thank you.

FAMILY SERVICE ONTARIO

The Chair (Mr. Peter Z. Milczyn): Our next witness is Family Service Ontario. Good morning.

Ms. Joyce Zuk: Good morning.

The Chair (Mr. Peter Z. Milczyn): You have up to 10 minutes for your presentation, following which will be five minutes of questions from the government side.

Ms. Joyce Zuk: Thank you so much.

Good morning. My name is Joyce Zuk and I am the executive director of Family Services Windsor-Essex. I am pleased to be here this morning to make this representation on behalf of our parent organization, Family Service Ontario. Thank you so much for coming to Windsor, especially on this very cold winter day. We do pride ourselves on being the warmest community in the province, but today, you would not know that.

Interjection.

Ms. Joyce Zuk: Yes, it's colder in Toronto.

I have provided for the committee a copy of the official brief from Family Service Ontario. I thought that this morning, as opposed to reading through that brief, I would just provide you a verbal summary and give you a little bit of a local Windsor-Essex perspective on the submission that our provincial body has made.

Family Services Windsor-Essex is one of 43 family service agencies across our province. I believe that all of the panel members know us. You have been present in the Legislature each year when we have our Family Service Day. We are very proud, as agencies, to be members of Family Service Ontario, because our provincial network allows us to speak with one voice at forums and sessions, such as these, across the province.

Here in Windsor, Family Services Windsor-Essex is a multi-service, accredited organization. We are accredited by the Canadian Centre for Accreditation. We offer programs that are funded by the Ministry of Community and Social Services, the Ministry of Children and Youth Services, the Ministry of Health through the LHIN and the Ministry of the Attorney General. We receive funding from our local United Way and we are also funded by the city of Windsor and the county of Essex. This type of funding model that we have is not unlike what many family service agencies across the province have.

Today, I'm hoping to make two very quick, quick points. The first I want to share with you is about the capacity of family service agencies across the province to respond to a number of issues and concerns in our communities. The second point that I wish to make is to discuss our ability to improve the overall mental health of Ontarians through our ability and our desire to offer quick-access mental health walk-in services.

Each family service agency in Ontario offers mental health counselling services. This consistency allows us to work together to improve the mental health of Ontarians as we deliver evidence-based programs and services. Our counsellors are highly qualified professionals who hold at minimum a master's degree in social work and are qualified to perform the controlled act of psychotherapy.

In addition to our counselling programs, family service agencies are able to respond to unique community needs and offer programming that is relevant to each Ontario community. Many family service agencies offer programming in the area of developmental services and community support services funded through LHINs. We offer programming to combat violence against women and children. Through municipal funding, we are able to offer programs in the area of housing and homelessness prevention.

Our mandates are related to family and individual strengthening, and our mandates are broad enough to allow us to customize our programs in each community to meet the needs of those communities.

Today, I want to speak to you about our desire and ability to offer quick-access mental health walk-in services consistently across the province. We recognize three things as we try to get critical mental health services to people. First, we must be available to Ontarians when they decide they need help: to men, women, children, families, couples and individuals. The second point is that people cannot wait for services. They must be able to see a counsellor when they decide that they need help. Finally, we must be able to provide a wide range of qualified professionals to assist people who may present with a variety of issues and concerns.

Family service agencies have begun to offer walk-in mental health services, a method whereby we offer clinics at our locations, where people can walk in without an appointment and immediately see a counsellor and receive assistance to assist them with a myriad of issues and problems. We employ the single-session model of counselling, aimed at providing immediate assistance, which then leads to the development of a clear plan for next steps and follow-up.

Here are some quick facts about our mental health walk-in services:

- the top presenting issues that we are seeing are anxiety, depression and stress;

- we are seeing high volumes of men and youth at our clinics, two groups which historically would not seek out counselling services;

- we are measuring the impact of our work and finding that our model is effective, but also cost-effective;

- one of the primary referral sources for our walk-in clinics is physicians in the province; and finally,

- when we ask folks where they may have gone for assistance if they didn't come to our walk-in, the number one answer we're receiving is "emergency departments."

Several family service agencies in the province have begun to offer walk-in mental health counselling services. Each family service agency has had to find a way to fund their clinics. In Windsor, we are fortunate to have secured funding for our walk-in through our local United Way. At present, we're into year three of a five-year funding agreement with our United Way, but our United Way says to us, "Is it our job to fund health care?" They recognize that the service we're offering is mental health care.

1050

Secondly, the funding from our United Way is not guaranteed, and thirdly, it is not consistent across the province. While we in Essex county are fortunate to have our United Way funding our walk-in, some of our other family service members across the province aren't so fortunate.

I can share with you some very good news in that, to date, our family service agency located in Ottawa has received funding for their walk-in through the Champlain LHIN.

In summary, here is the ask: We call upon the government to invest in this proven model so that it can continue to provide value to clients and to Ontario taxpayers. Patchwork funding is not sustainable over time. We cannot prosper as a society until the most vulnerable among us have an opportunity to fulfill their potential within their families, jobs and community. Thank you so much.

The Chair (Mr. Peter Z. Milczyn): Thank you. This round of questions starts with Ms. Hoggarth.

Ms. Ann Hoggarth: Good morning. Thank you for your presentation. I hope I didn't distract you with my moving around.

In my riding of Barrie we have Simcoe Community Services. They do many of the things that you do as well. Our community is so much better because of it. I thank you for your hard work.

One of the newest programs that they're doing is helping grandparents who are parenting again. We find more and more of that happening. It's a very interesting program.

We understand that one of the services that Family Service Ontario provides is therapy for survivors of family violence. I know that in 2015, MCSS—and I'm the PA to that ministry—approved \$172,700 in project funding over two years for a pilot project with FSO to provide joint counselling programs for couples experiencing situational couple violence. This pilot is studying the effectiveness of conjoint counselling for lower-risk situational violence and whether early intervention would lead to a reduction in domestic violence against women.

Can you please tell us about the supports that you provide to survivors of family violence?

Ms. Joyce Zuk: Sure, and thank you so much for that question, and for recognizing the project. We are very appreciative of the province's investment in that pilot. Thus far, in the early stages, the data that we have coming out of that is very good.

There is a little bit of difference across the province. Some family service agencies and some communities are receiving violence-against-women funding through the Ministry of the Attorney General; others don't. Here in Windsor and Essex, we actually do not because that funding is held currently by our domestic violence shelter.

One of the things I can tell you is that in cases of domestic violence, we know that 80% of the time, victims will seek out community treatment services and will not

access shelter services for a number of reasons. One of the primary reasons is fear of losing their children.

We make sure, right across the province, that our counsellors have training and skill in assisting individuals and families who have experienced domestic violence. The conjoint counselling project is an example of some of the innovative work that we are looking at, recognizing that one of our commitments is to strengthen families, and that there are cases where the threshold of violence is lower. We recognize that we cannot have one universal response to family violence, hence the pilot looking at a differential response so we can respond to the unique needs of families.

Ms. Ann Hoggarth: Thank you.

Ms. Joyce Zuk: I'm not sure if that answers the question fully, but—

Ms. Ann Hoggarth: No, no, that's great. Thank you so much for that. Thanks for your presentation.

The Chair (Mr. Peter Z. Milczyn): Thank you, and if there is something additional in writing you'd like to provide to us, you have until 5 p.m. on January 20.

Ms. Joyce Zuk: Thank you so much.

ALZHEIMER SOCIETY OF WINDSOR AND ESSEX COUNTY

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Alzheimer Society of Windsor and Essex County. Good morning.

Ms. Sally Bennett Olczak: Good morning.

The Chair (Mr. Peter Z. Milczyn): You have up to 10 minutes for your presentation, following which there will be five minutes of questions from the Progressive Conservative caucus. If you could please state your name for the official record as you begin.

Ms. Sally Bennett Olczak: Sally Bennett Olczak. Thank you, sir.

Mr. Chair and members, the Alzheimer Society of Ontario and the Alzheimer Society of Windsor and Essex County, in partnership with the Alzheimer Society of Ontario, thank the Standing Committee on Finance and Economic Affairs for this opportunity to discuss with you our suggested priorities for the upcoming Ontario budget.

The Ontario economy faces significant challenges and we understand the government's commitment to reduce the deficit that lingers from the last recession. On the other hand, positive local actions by government are important to move Ontario's economy forward.

In the spring of 2015, for the first time, people with dementia visited Queen's Park as part of our day at the Legislature and urged you, as members, to work with them to do something about dementia. Since that time, much work has been done to develop a dementia strategy for Ontario, including, first, the formation of a dementia strategy advisory group; second, the hosting of eight community round table discussions across the province; third, consultation with five working groups over the winter season of 2015-16; fourth, the release of Developing Ontario's Dementia Strategy: A Discussion Paper for

public consultation; and lastly, the hosting of five official community town hall discussions and an additional five meetings, many hosted by your fellow MPPs. One of those five meetings was held here in Windsor-Essex in early November at the Alzheimer Society, and we had over 140 people from the community present.

More Ontarians are developing dementia today, with more than 220,000 Ontarians aged 65 and above having dementia. That's one in 10 older adults living with the disease. Looking ahead to 2020, three years and a bit from now, a quarter of a million older adults in Ontario will be living with dementia. This is a 13% increase from today. Most will be living in the community, where family and friends will be supporting and caring for them.

Among persons living in the community with a diagnosis of dementia in 2013, almost 9,000 of those individuals were under the age of 65.

People caring for someone with dementia provide 75% more care hours than other care partners, and experience 20% greater stress. Many of the hours are from working people. As evidenced by the Health Quality Ontario 2016 report, 35% of people who provide unpaid care over a long period of time to home care patients reported feeling distress, anger or depression in 2014-15, up from 16% in 2009-10.

Yes, there are great needs, but we also have some great solutions in Ontario, solutions that are proven and worthy of greater involvement. Today we'll be providing an overview of how, together, we can better support care partners and people living with dementia. Our three proposals are available to you, with appropriate financial recommendations for your more detailed consideration, in our submission.

We suggest that \$27 million over two years will ensure adequate funding for the solutions we propose. The funds would support developments or improvements to dementia-friendly communities, to First Link and primary care, and supports for care partners. Three basic strategies have the ability to help reduce the risk of dementia, modify its impact, and create more supportive and accessible communities.

Care partners, as well as people living with dementia, fare better when they remain integrated and participating members of communities. A comprehensive Ontario dementia strategy will include a health promotion component, including social engagement, physical activity and accessible communities. Building on existing, proven initiatives will accelerate the impact of promotion efforts.

1100

Our first proposal is that dementia-friendly communities be the central theme of the health promotion initiative and that it build on an integrated delivery of our existing programs, currently branded as Minds in Motion, Finding Your Way, Blue Umbrella and ReThink Dementia.

This integrated initiative will increase a sense of inclusion, reduce isolation among people with dementia and care partners, and create more public volun-

teer/private opportunities for social and physical activity and independent living. Together with other components of the strategy, this initiative to mobilize communities will contribute to enabling people with dementia to live longer and more satisfying lives in the community and reduce pressure on long-term care.

Our second proposal aims to reach people with dementia and care partners as soon as dementia is diagnosed through our First Link program, providing education, support and access to other services.

We have an active First Link program at the Alzheimer Society of Windsor and Essex county. From 2011 to 2015, referrals to the First Link program have increased from approximately 6,300 to 12,700. It's very significant.

One of the most successful partnerships is with the 77 primary care memory clinics across Ontario, where we work with teams to make diagnosis and support more accessible and much earlier. We have developed these partnerships with limited additional resources, but we are struggling to manage the growth. One primary care practice, for example, increased referrals to the society by 900%. We have submitted a proposal, for an amount of \$4 million, to the Minister of Health and Long-Term Care to support this initiative.

Capable care partners also need concrete help. Our final proposal concerns respite—or simply put, relief—that enables care partners to recharge and to continue in their caring role. Limited respite has been available, and we acknowledge the government's past support in this area. But as the experts panel report, *Bringing Care Home*, acknowledges, respite care needs to be affirmed as a priority and made more flexible to meet care partner needs, distinct from the person with the health need to whom they provide care.

To accelerate this change, our final proposal is that the government make an investment in new beginnings in respite care. This investment would serve two purposes: to seek out and grow existing programs that offer flexible and more care-partner oriented service or, where absent, encourage new programs to emerge that meet the needs of care partners, such as day programs and overnight respite, care partner accounts and in-home supports. Certainly, here in Windsor-Essex, the Alzheimer Society has a vibrant day program on site in Walkerville, a rather extensive long-standing respite program that provides in-home care.

Investments made to improve respite for families touched by dementia will positively impact outcomes for all Ontario carers.

This week, I had the opportunity to speak with two gentlemen who are direct care providers for their beloved wives here locally who have dementia. Dr. Kai Hildebrandt is caring for his wife, Dr. Susan Wendt-Hildebrandt. He has been caring for her for 10 years. It is a full-time responsibility on his part, and he is a dutiful, loving and caring care partner.

I called to ask his permission to share their story with you briefly and he immediately gave his permission,

which I fully expected because Dr. Hildebrandt has been public about their situation. I came in the next morning to a note from him written at 11:13 p.m. that he sent. He said, "Please tell the committee there's money needed, and it can do so much good at much less cost than hospitalization or long-term care. Please tell them that with my assuming some of the care—I'd visit Susan if she were in a long-term-care facility anyway, not resulting in more hours on my part—I am spending about \$800 a month for respite, \$300 for private care, plus about 24 free hours of friends and neighbours' support per month, compared to the cost that would be for long-term care"—which we all know are much greater. If we valued those 24 hours of free care at \$20 per hour, which is actually quite modest, that'd be another \$500 or so a month. So it's about \$1,600 a month—much less expensive than long-term care.

Susan is cared for 24/7 by one-on-one care—that is in the person of he, himself, Dr. Hildebrandt—not the caregiver-to-patient ratio that exists in a long-term-care facility. "Does that affect the patient's quality of life?" He asks. "Absolutely"—in capital letters with a couple of exclamation marks. He sends that on very respectfully.

I also spoke with Dr. Jerry Cohen, who is a still-practising professor of psychology at the University of Windsor. He has been caring for his beloved wife, Anne Cohen, for many years. The Cohen family has been on care with us at the Alzheimer Society for a number of years. Mrs. Cohen has received extensive in-home respite care from the Alzheimer Society and, until quite recently, actively attended our on-site day program. Dr. Cohen indicated, the same as Dr. Hildebrandt, that certainly more dollars are needed for in-home care. Both gentlemen gave permission when I called them, but they both then contacted me within hours to give an even more fulsome message showing the importance that their voices are heard on behalf of all people affected by dementia—to be heard by you, of course.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all your time. We now have questions, starting with Mr. Barrett.

Mr. Toby Barrett: Thank you very much for the work your organization does for people with dementia and Alzheimer's. It is daunting. You describe a quarter of a million people. By and large, these people will be at home. Everybody believes in home care. The people who do it, as you've indicated, are family and friends. Government resources help out.

You talk about extensive consultation, including local consultations where 140 people came out. There has been a looming major reorganization within Ontario's health care system, particularly with respect to how we provide home care. The CCACs are ceasing to exist. There will be the creation of new entities, something like 80 what are referred to as sub-LHINs under the LHIN system. In the consultation you were involved with, did this come up? Was there any discussion around this major change?

Ms. Sally Bennett Olczak: What I would say is that people are looking for care in their homes, in their own

communities, so the sub-LHIN context, in terms of focusing on specific areas of care and partnerships of care, is inherent in the discussion. In terms of very specific discussions from people for whom we care, in terms of sub-LHINs, it's a bit of a bureaucratic term in health care system organization. So the conversations aren't generally at that level, per se; they're about care in their home with their communities and, with their very close communities, neighbours helping out. I think it very much moves in the direction of care that's wanted by the people we care for.

Mr. Toby Barrett: Yes, it is a bureaucratic term. You'd like to think that much of the reason for yet another reorganization within the health care system is to better enable more resources to be transferred from the bureaucracy to the front-line workers, people who can augment the work of volunteers and family. As far as home care, not only for dementia but for an aging population and so many other ailments, at present, 39% of the resources go to bureaucracy, not to front-line care; not to, for example, a nurse giving a needle. We seem to have a nurse sitting at a computer screen. Do you feel that that can be changed? I hope that's the intent of this change that we're involved in, that it's going to have a significant impact on how service is provided to people with dementia.

Ms. Sally Bennett Olczak: Our understanding of the sub-LHINs is that it's more focused care and better-integrated care, oftentimes with existing resources.

Mr. Toby Barrett: That truly is the mandate of the LHIN system, to integrate care. It supplanted a previous system, the district health council system, for which the overall arching mandate was coordination. Before elected, I sat on a number of district health council committees. At the time, we failed; we never achieved that goal. We never saw the coordination. With the LHIN system, in my view, we haven't achieved that integration.

1110

I think of the Alzheimer Society, and the growth of the Alzheimer's approach through your organizations over, I guess, primarily the last 15 years. Will you be integrated or will you continue on your own, from your perspective?

Ms. Sally Bennett Olczak: At the Alzheimer Society, we don't see ourselves as on our own. We see ourselves as part of a community system of health care, in constant partnership with other community care providers throughout the health care system. It's continued integration and continued growth, with the client at the centre of what we do.

All health care is local, one could argue, and the more local you get, the better it is for the Cohen families and Hildebrandt families of the province.

Mr. Toby Barrett: So within the community here, you basically have those kinds of what I consider admirable community linkages, where people get along and work together?

Ms. Sally Bennett Olczak: Very much so. We're in constant contact with the CCAC on a daily basis, my

staff, in terms of coordinated care for a person with dementia, and also many other agencies in the community.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation today. If there's something further you'd like to submit in writing to the committee, you have until 5 p.m. on January 20.

Ms. Sally Bennett Olczak: Thank you, sir.

ONTARIO PUBLIC SERVICE
EMPLOYEES UNION

The Chair (Mr. Peter Z. Milczyn): Our next witness is Mr. Philip Shearer. Good morning, sir.

Mr. Philip Shearer: Good morning.

The Chair (Mr. Peter Z. Milczyn): You have up to 10 minutes for your presentation, which will be followed by five minutes of questions by the New Democrat caucus. Please state your name for the official record as you begin.

Mr. Philip Shearer: Thank you, Mr. Chair and the committee, for allowing me to sit before you today. I'm Philip Shearer. I'm an executive board member with the Ontario Public Service Employees Union, OPSEU, for southwestern Ontario—so Woodstock to Windsor, Goderich to Stratford—representing almost 14,000 members working in youth mental health care, community colleges, the Ontario public service, the LCBO, hospitals, long-term care, children's aid, correctional services and a lot of other occupational groups.

I'm not only here as an OPSEU member, but I also work in mental health, presently with the Ministry of Children and Youth Services. I've been with them for 28 years, but in the service for 39, looking after mental health and developmental clients. Pretty much all of the groups that I talked about do kind of integrate with those mental health services.

I'd also like to thank all of the speakers so far, and the questions, because it does show that we need a huge movement toward integration of all these services.

In July 2015, the Ontario government commissioned the Residential Services Review Panel. It was funded by the Ministry of Children and Youth Services. The review examined foster and group care, children and youth in mental health residential treatment, and youth justice facilities. The ministry released the report to the public in July of this year and invited feedback from the stakeholders.

It was one complex report to read, and very difficult for folks, but the authors of that report got it right. They exposed a broken and fragmented system and made 33 recommendations, most of which OPSEU strongly supports. But this wasn't the first time an external group painted a damning portrait of our systemic failures to address chronic shortcomings in the treatment of children and youth coping with behavioural and mental health issues.

Back in 2006, the Boston Consulting Group concluded that the system intended to provide support and services to these vulnerable young people was, and I will

paraphrase, confusing, complex, underfunded and staffed by underpaid professionals who often lacked the proper training. The licensing mechanism failed to focus on quality care and varied from region to region in Ontario. Access to residential services failed to meet guidelines, and waiting lists were long.

In my role as a community behaviour consultant, I work out of London, but I do go as far as Cochenour, which is right beside Red Lake. I spend a lot of time in North Bay, Val Rita and Ottawa as a community behaviour consultant for complex special needs and intensive services for the Child and Parent Resource Institute. We see a huge variance of what is happening across this province within mental health services.

This should sound familiar because, 10 years later, in 2016, conditions have deteriorated even more, according to the Residential Services Review Panel. Sadly, the issues identified 10 years ago persist today. There are quite a few reports, as you'll recognize from the dust pile, over the 10 years. We get them all, we read them and we go, "Oh, those won't be implemented either." There have been a lot over the years.

Unbelievably, there are 35% fewer beds than in 2006. Back then, there were 24,800 licensed residential beds. Today, that number stands at about 16,100. That's an elimination of more than 8,700 children's residential beds.

I know that we have individualized funding that is for the families to spend on services now, and you could ask me any question about what I think of that and how that is being implemented. That's a patchwork across this province of how families access that, who provides the service, who can hire, who can figure out who to hire, who can discipline, who can manage, who can teach, and who can do anything with not having someone in charge of that funding to a better degree.

How on earth are we supposed to properly treat the growing number of young children with behavioural and mental health issues when we have slashed residential capacity by more than a third? If someone in this room has a solution, I'll invite them to step forward.

I also sit on the CivicAction group out of Toronto and the greater Golden Horseshoe area. CivicAction is typically a group that looks at an area like Toronto and says, "How are the bridges working for the economy, how are the streets working, how are the buildings, how are the people?" Their project at civicaction.ca, if you want to check it out, is about mental health in the greater Toronto area. They're saying that one in two of us are going to work with mental health issues in the greater Toronto area, and it is costing \$1.7 billion to the Canadian economy a year. So if we do not work with these children now, just wait for the future, because the numbers I remember mid-career were one in five. So if they're saying one in two, we're in a bad state if we don't get working hard now.

How are we going to treat these young children with behavioural and mental health issues? I did that one.

A moment ago, I mentioned the OPSEU supports; many of these recommendations are contained in this

review panel. But we remain deeply troubled that the report fails to put a spotlight on the chronic underfunding that underpins shortcomings in program delivery by failing to provide an adequate level of bed capacity in the system.

We're not the only ones to hold this view. Even the employer group, Children's Mental Health Ontario, has said that the funding crisis in residential services has failed to keep pace with the demand. In its own report this year, the CMHO concluded, "Service providers can no longer afford to keep up with increasing demand and many are being forced to reduce their treatment beds and/or close their residential programs altogether."

This is what Kim Moran, chief executive of Children's Mental Health Ontario, has to say about the shameful conditions faced by young people with severe behavioural and mental health issues: "Ontario has turned its back on children and youth in desperate need of mental health services. Unacceptable wait times and insufficient access to mental health professionals have created a crisis. Many families are struggling tremendously because of this lack of access to care."

In the face of this crisis, where do vulnerable young people and their parents or guardians turn? Well, you heard it earlier. They turn to the emergency rooms and inpatient hospital admissions. Is this how we're supposed to treat some of the most vulnerable children and young people in Ontario? And those are the ones who do go to the hospital, because there are a lot who don't go to the hospital because of the stigma and shame that's attached to mental health, so they try to do it without access to services.

You heard earlier that if we can't access services—some of us can afford to pay for services on our own. But to pay for an assessment—and my job as a behaviour consultant is to help families implement that assessment. I can tell you how many months of regular weekly visits it takes to implement some of those assessments and the ongoing treatment for years to help them when they need trouble-shooting. Families cannot afford that long, extended ability, nor do they always get the indication that they need those long, extended supports to do that. Luckily for me, I've been with the government 28 years.

1120

Since 2006, there has been a 54% increase in emergency department visits and a 60% increase in hospitalizations for children seeking treatment for mental health issues, according to the Canadian Institute for Health Information. The institute calculates that a strategic investment of \$65 million in community-based children's mental health centres will reduce wait times and ensure that kids receive timely access to treatment. In doing so, the province will actually save as much as \$145 million in hospital costs.

You heard a mention of community-based mental health from the last person. If you check civicaaction.ca, they also talk about the drop-in centres in the communities and how they're supporting the care that our children get.

No part of the province is immune to the crisis that is created with wait times of up to one and a half years for treatment in some regions, and more than that for some kids and some families. Children's Mental Health Ontario estimates there are nearly 9,000 kids waiting for long-term psychotherapy, such as cognitive behavioural therapy or intensive treatment for those with severe mental health issues. Those kids are in dire need, if they're going to create an economy in the future.

In the western region of Ontario, which includes Windsor and London, some centres are reporting wait times of up to seven months, and some are longer, depending on the severity of the kid who's trying to get the services. It is worse in other parts of the province. Like I said, I do go to North Bay. I do go to some of the little towns up there, and up as far as Red Lake, to support agencies in returning the children after their assessments. There's a huge variance across this province.

In eastern Ontario, wait times can be as long as two years. In northern Ontario, wait times usually exceed one year. It's the same in the fastest-growing suburbs of greater Toronto, where it's not uncommon for wait times to hit one year. This is unacceptable. As a society which claims to care for all and which, in the view of many economists, has the financial resources to provide care for all, we should be ashamed of this profound neglect.

There is no simple solution to the crisis, but let me start with a few suggestions that I know are shared by front-line workers, organized labour, employers, families and guardians.

Room in next year's budget must be found to provide for remedies before a dire state of affairs collapses into chaos. We urge the government to adopt the recommendations contained in the report of the residential services review panel. Support for these recommendations is widespread and shared by all stakeholders.

The Chair (Mr. Peter Z. Milczyn): Okay, Mr. Shearer, I'll stop you there. You've already gone a bit over. Ms. Gretzky has questions for you.

Mr. Philip Shearer: Sure thing. Thank you.

Mrs. Lisa Gretzky: Thank you, Mr. Shearer. Much like the presentation from the Greater Essex Elementary Teachers' Federation of Ontario, we could probably talk about mental health supports and education for days. The two kind of go hand in hand, as you probably heard in my other questions about the education system.

Mr. Philip Shearer: Yes.

Mrs. Lisa Gretzky: To build on that, we were talking about students with special needs, and people often think those are students with developmental delays, but those could also be students who have mental health issues, for whatever reason. It could be that there are problems at home between the parents, or a loss of a family member or a friend. We heard about students in Woodstock who, unfortunately, were taking their own lives in record numbers because they were dealing with the fact that a friend of theirs had just taken their own life, and there were no supports for the students left behind to deal with that. It really is intermingled.

We also heard how intermingled it is with even the Alzheimer Society and the caregivers of people who have Alzheimer's or dementia, and the supports that those caregivers need, because that can ultimately result in mental health supports being needed.

I recently did a ride-along with our local police officers. We're blessed to have a group called COAST, through the Windsor Police Service, where they have an officer and a mental health professional who will go to high-risk calls—someone who has called with a mental health issue—and they'll actually give the one-on-one support.

I think you touched on it a bit, the cost of not providing community supports—in your case specifically, to youth who have mental health needs—and how that kind of snowballs. You could have a youth who is saying that they are considering taking their own life, and now they're told, "Well, you're going to have to wait seven months to a year to two years. So just hang on, rethink that, and we'll get back to you in a while"—and then hope that that youth somehow manages to deal with whatever it is that's pushed them to the point of wanting to harm themselves. Often, there's the spinoff that someone will call the police department, the fire department or EMS, somebody has to go and respond, and ultimately that person is taken into the medical system, so there's a cost associated with that.

I'd like to touch on the youth justice portion of that, because I know, having been a school board trustee, that when you have students who have mental health issues and it's not addressed, and they act out at school, often they are then taken into custody by the police and there are legal proceedings. They can end up in the justice system.

I had the pleasure of meeting with people from the Elizabeth Fry Society up in Sudbury. They discussed specifically youth and females, and how if you look at northern areas compared to down here, you will see a higher number of indigenous peoples entering into the justice system, because their mental health needs aren't being met.

Can you talk a little bit about that, about how it's kind of fragmented? You did a bit, but the equitable access to services—what we have down here in southwestern Ontario and how that's different from different areas like northern Ontario, and what that means in the bigger picture.

Mr. Philip Shearer: That's a big question, because even down here in southern Ontario—even in Windsor, where there's New Beginnings, Hôtel-Dieu and Maryvale—up north you would have Hands in the greater North Bay area and you would have Firefly in the greater Thunder Bay area. The access to the services might be there because there's only one service providing a vast physical vicinity or geographical area. So you might be able to access the services in a different sort of way, but the reality is that they don't. Because it's so geographical, it's really hard to have a satellite in every little area up north, but even here.

It comes back to the school system. When we pull money out to only fund the classroom and we get rid of the psychologists and all the assessors or cut the numbers so low, the kids don't get assessed in the school system as quickly as they would. Therefore, what happens is all of my kids get kicked out of school because of the severity of their complex needs.

Then we see the families start to crash. Mom typically loses her job or goes to Tim Hortons because they have benefits for medication, and you see it just massively start to spiral out of control for the family. Then, not only does the child need more intensive services, they need to be in the hospital more. We need to plan with the police more for making safety plans on how to respond in this situation. We end up with wait times on this agency and wait times on that agency. It really spirals so fast out of control, once a child's kicked out of school, that I don't even know how to answer your question in a really succinct sort of way.

I know that in the north it's much harder to get the individualized funding and find trained professionals who can deal with the much more complex needs, and merge all the assessments and the reports, to understand the child as one child—

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Shearer. That's all of our time for today. If there's something additional that you would like to submit in writing, you can do so until 5 p.m. on January 20.

Mr. Philip Shearer: Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, sir.

ONTARIO GOOD ROADS ASSOCIATION

The Chair (Mr. Peter Z. Milczyn): Our next witness is the Ontario Good Roads Association. Good morning. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Liberal caucus. If you could start off by stating your name for the official record.

Mr. Scott Butler: My name is Scott Butler. I'm the manager of policy and research for the Ontario Good Roads Association. Thank you for the opportunity to deputé today. Also, congratulations on coming down to the Sun Parlour. Unfortunately, we weren't able to give much in the way of heat.

Nonetheless, I'm here on behalf of the 433 municipalities that are members of ORGA, out of the 444 municipalities in Ontario. We were founded in 1849. Our mandate is to advocate for municipal infrastructure.

I wanted to talk about three items at a very high level very quickly. Each of them has fairly pronounced fiscal implications for municipalities and therefore, I think, are relevant to this particular conversation.

1130

The first one revolves around the municipal-class environmental assessment process. Another one involves bridge bundling, or different-asset bundling, options for maintaining and rehabilitating municipal assets. The third one is enhancing municipal asset management capacity,

and this is leveraging some work that's coming out of the Ministry of Infrastructure right now.

Before that, I would be remiss in not acknowledging that this is all being brought forward by municipalities that find themselves in a cash-strapped situation. Right now, they don't have the authority to pursue revenue options that they need to finance 21st-century services and assets.

We were somewhat disappointed that Bill 68—the five-year review didn't incorporate more ambition. Municipalities were looking forward to seeing perhaps the permissions encoded in the City of Toronto Act actually included in that review. Nonetheless, we'll continue the good fight. We've been at this for a number of years and have met with many of you personally to make this argument, so you can expect to hear from us again in the future.

That said, I did want to talk, as I indicated, about the municipal-class EA process. You'll have heard from other stakeholders during the course of your deputations that this has become a bit of a bugaboo for municipalities. Right now, this process has become a burden rather than something that actually complements the construction of assets.

The Auditor General recently called these “streamlined assessments.” I'm not sure if that was an attempt at ironic humour. The reality is, for municipalities, they've become anything but streamlined. This process is involved any time a municipality wants to build a road, build a bridge, put in cycling lanes, or do anything that has any sort of environmental implication. This could be something as simple as installing guard rails or street lights.

What has happened is that the scope with which the environmental assessment is actually being used has grown significantly. In 2014, there was a survey done of 28 municipal-class EA processes, and it found that, on average, that process took 26.7 months to complete. Four years earlier, it only took 20 months. That's just the time side. On the actual financial side, it has grown by more than threefold.

Those environmental assessment initiatives were coming in at \$386,000 per project. In 2010, that was \$113,000. So what's happening is, municipalities are paying more and more to actually deliver on projects that constituents are looking for, prior to shovels even entering the ground.

What we would like to see is a bit of leadership on this. We've had direction from the Minister of the Environment previously, indicating that significant headway would be taken on this issue prior to 2016. The reality is, we've only seen some nibbling at the edges—nothing substantive that's actually going to amend this.

The second issue that I wanted to talk about is bridge bundling.

In 2013, OGRA, along with the Ministry of Transportation and the Residential and Civil Construction Alliance of Ontario, commissioned a study looking at the application of AFP processes for bridges in Wellington

county. It was done as a litmus test, to see if there were some potential savings to be realized. What we found was that of the 635 bridges that Wellington county has, if they were to bundle those together horizontally—across all the lower-tier municipalities and also in conjunction with the upper tier, the county—there was the potential for them to save \$35 million over the lifespan of those assets.

Currently, the threshold that the private sector uses for looking at and considering AFPs is considerably beyond the ability or the need of most municipalities. So this was an opportunity to potentially test what sort of uptake and what sort of benefit may be realized if municipalities, or school boards, which have similar assets in the sense that they're all of a similar type, they're all roughly the same age and they all roughly have the same needs—if those were bundled together and put forward, is there an opportunity for communities that have previously been excluded from the AFP process to actually benefit from that?

The findings bore out that, in fact, there were. What has happened is that there has been a lot of talk on this. We're in the process of reigniting the interest around this.

But if, in fact, there is the intention to deliver on the \$160-billion infrastructure investment that the province is making, and funds are allocated as wisely as possible and as prudently as possible, it would make sense that the province should step in and work with some municipalities that are interested in testing this to see if, in fact, they can realize those benefits.

The final issue that I wanted to talk about was building out asset management planning capacity. Currently, the province is developing a municipal asset management planning regulation. In order to satisfy the prescriptions contained in that regulation—in particular, the regulation is going to capture, for the first time, the idea that municipalities need to identify the levels of service they're going to guarantee and they need to do that in order to actually access any capital coming from the province. This is going to be a significant challenge for some of those smaller communities. I don't want to lose this. I think that it's really important.

For approximately a quarter of the municipalities in the province, 1% on their property tax will generate \$20,000 in income. We know that in order to actually build out and make these asset management plans meaningful, it requires some money.

What we have been arguing for, for quite a long time, is an entitlement funding initiative, where some of the \$160 billion that's going out through the province's infrastructure investment plans over the next 12 years—a sliver of that is hived off and dedicated to municipalities so that they can begin engaging private sector consultants, bringing staff on or making investments in software and other types of needs to actually make sure that what they're doing is meaningful.

They've begun this process. The regulation, when it comes into effect—I think that they're targeting January 1, 2019—will actually provide a lot of impetus for

accelerating this. That said, our contention has been, and continues to be, that a sliver of that money would actually function as a fairly effective insurance policy on the broader infrastructure investment the province was making.

With that, I'm happy to answer any questions, and again, thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much, Mr. Butler. Ms. Martins has questions.

Mrs. Cristina Martins: Good morning. Welcome, Mr. Butler. Thank you for being here today and for presenting. It's great to be here in Windsor.

I just wanted to highlight something that you said initially. You talked about the mandate of the Ontario Good Roads Association, which is to advocate for municipal infrastructure. We've had the whole week of travelling through this province—from northeastern Ontario to Sudbury to Ottawa—and now we're here today. Most of us here—at least on this side, anyhow—are from Toronto.

Mr. Lou Rinaldi: Not me.

Mrs. Cristina Martins: Not you, of course. Not you, but the three of us are.

I'm always quite impressed with how many cranes we see in this city, how many roads we have dug up, how many construction detours are happening. It's painful to get across the city oftentimes, but I always see it as progress, making sure that we continue moving our province forward.

I'm glad to see that we're in line in terms of wanting to make sure that we continue to invest in the infrastructure that Ontario needs. As you are quite well aware, since 2003, the government has invested more than \$25 billion to design, repave and expand provincial highways and bridges across Ontario. Could you tell me then: How have these investments furthered the goals of your organization?

Mr. Scott Butler: On the provincial side, if those are provincial assets, they really haven't done much for our association—

Mr. Lou Rinaldi: That's wrong.

Mrs. Cristina Martins: That's wrong.

Mr. Scott Butler: Well, I mean, there is the economic benefit that goes along with these sorts of investments. I'm not trying to deny that. Our focus has primarily been on the municipal side of the equation, however. If, in fact, I overstated that, my apologies.

I think that the broader investments that are taking place at the municipal level are beginning to bear fruit. We're starting to see headway being made. As good as those tangible things that we see—the eliminated speed bumps on the road, the new and improved parks, whatever the case may be, however those investments have manifested themselves—I actually think the more important thing that the province has done in the last little while is put the focus on asset management planning. That has given us, for the first time, an actually quantified understanding of what the need is. For a long time we have speculated and guessed, and we've had a

very wide range of understanding about what the investment needs are, but that asset management planning focus is actually giving us data that is quantifying it in a way that has never been done before. That's where the real emphasis has come, and the reality is that it has required much less funding than a lot of those capital projects have actually required. It has required a cultural shift, which has been, I think, for our members as municipalities, the most important benefit.

1140

Mrs. Cristina Martins: Thank you, Mr. Butler. I'm going to pass it over to my colleague Mr. Rinaldi.

Mr. Lou Rinaldi: Thanks for being here today. I apologize for interrupting, but I couldn't resist.

Mr. Scott Butler: Oh, a former councillor—

Mr. Lou Rinaldi: That's right.

You focused a little bit on small municipalities. I come from a small municipality—below 100,000. All my municipalities are below that. The asset management plan that you alluded to that actually had been very good for municipalities, I think, in the fact of the cost—I'm not sure if you're aware, but the province paid for the majority of those asset management plans. In 2007, 2008, 2009, whenever we started, there were grants given out to municipalities to achieve those goals. I just wanted to make that clear.

The other piece, too: infrastructure in smaller municipalities, which I agree is much tougher because they don't have the tax base; they don't have the volume. Can you comment on the OCIF announcement—the Ontario Community Infrastructure Fund for municipalities under 100,000; I'm not sure if you're familiar with it—that by 2018, it will be \$300 million. That's something that AMO asked for and the municipalities asked for. Is that going to have any benefit to smaller municipalities?

Mr. Scott Butler: Of course it will have a benefit.

To go back to your initial point around the grants that were provided—that's true; they were provided. Unfortunately, that hasn't sustained itself in a way that asset management plans need in order to be successful. These actually become living documents and processes that are then integrated into how the municipalities are managed. That one-time grant was really good at getting an initial snapshot. What we need, in order for the province and for the municipalities and now the federal government to be able to make prudent investments, is ongoing funding. Whether that's some sort of entitlement-based funding or if it's an agency that the province oversees where municipalities can work with expertise that's residing in Queen's Park, I have no idea. We're open to whatever is going to work for all parties involved. That's the missing link. We need that ongoing funding to make it beneficial.

With regard to OCIF, of course, moving from \$100 million to \$300 million is going to be beneficial. Those are big numbers. Unfortunately, the need, as we all recognize, is considerably larger than that—

Mr. Lou Rinaldi: It's never enough.

Mr. Scott Butler: Yes—

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Butler. That's all the time we have for today.

Mr. Scott Butler: No worries.

The Chair (Mr. Peter Z. Milczyn): If you have some written remarks that you'd like to provide to the committee, you may do so until 5 p.m. on January 20.

ONTARIO MEDICAL ASSOCIATION,
PALLIATIVE MEDICINE

The Chair (Mr. Peter Z. Milczyn): Our scheduled 11:30 a.m. witness has cancelled, so our next witness is the Ontario Medical Association.

Good morning, sir. You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the Progressive Conservative caucus. Please state your name for the official record as you begin.

Dr. Darren Cargill: Thank you very much for the opportunity to provide input into your pre-budget consultation. My name is Darren Cargill. I'm a palliative care physician practising in Windsor for the past 10 years, the current section chair for palliative medicine at the Ontario Medical Association, lead physician for the Hospice of Windsor and Essex County, and past regional lead for Cancer Care Ontario.

I am here today because doctors across the province are concerned about the choices that government is making in the health care system. Every day across the province, 29,000 doctors in Ontario go to work for our patients. We are worried that the health care system that we work in is not keeping pace.

High-performing health care systems are built and maintained on collaboration with physicians. In Ontario, we currently do not have a government willing to partner with doctors.

As I know you have heard from other doctors in their presentations to your committee, we are asking that the government of Ontario support our health care system by fully funding the demand for medical care required by the needs of our growing and aging population.

Our physician services contract expired in 2014, almost three years ago. Since that time, government has unilaterally cut by nearly 7% payments to physicians for the care that doctors provide to patients.

At the same time, the Financial Accountability Officer reported in his 2016 spring financial and economic outlook report that the health care system demand will rise 3.6% a year for the next four years. The government has set funding growth for physician services at only 1.25%, nearly half of that. This is below the already restrained pace of growth of the past five years. Simply stated, the government is not fully funding the demand for medical care in Ontario.

As a physician, I believe that the decision by this government has serious implications for our patients and their families across the province. These implications are going to have a lasting effect on the sustainability of Ontario's health care system.

We know that the Ontario population is growing and it is aging. In 2016, there are more seniors than children 14

years of age and under. One in five adults is spending their time caring for a parent or a grandparent. By 2026, Ontario's eight million seniors will represent 21% of the population, and that's the current size of Quebec. By 2036, we'll reach the highest level of demand for health care, with baby boomers closing in on an average age of 75. In 2052, almost 10 million Canadians 65 years of age and older will represent between 23% and 25% of the population. That's equivalent to the size of Portugal and Greece.

With this oncoming trend, this is not the time for government to decide to fund less than half of the additional care that will be needed. This should be about investing in our system to help the patients of today and building for those of tomorrow. According to the ministry's own estimates, demand for medical care will grow by 3% per year—that's \$350 million—due to the population growth in Ontario and an aging population that needs more complex care and the need for new doctors to treat existing patients who currently can't get the timely access to care they need. Yet the government is only willing to fund a portion of that growth.

This is necessary care that every patient in our aging and growing population requires and deserves. To make matters worse, in Ontario, the number of patients struggling with chronic conditions is rising sharply. Chronic diseases include cardiovascular disease, respiratory disease, cardiopulmonary disease, arthritis and mental illness. These conditions have a huge impact on the care demanded of the health care system. These patients see physicians three times more frequently than patients without chronic conditions. They are 2.3 times more likely to visit an emergency room. The cost in 2008 alone of direct health care for chronic disease in Canada was \$148.8 billion, and this rate is not decreasing.

Some 53% of Ontarians are concerned about how well the health care system is able to assist and support those with chronic illness. Almost 80% of Ontarians over the age of 45 have a chronic condition. Of those, approximately 70% have two or more chronic conditions. With an aging population that includes more chronic conditions, there is a need for more complex care, yet the government's response has not been to fully fund physician services to match patient needs; rather, it has been to cut them.

Ontario has fewer hospitals, fewer nurses and fewer physicians per population than other similar jurisdictions. Having fewer doctors means that the ones we do have are working harder and seeing patients more to meet the demands of a growing and aging population. Instead of recognizing the service, the government penalizes it.

The basic link between higher billings and greater provision of services seems lost in the rhetoric.

1150

The government is failing to accept its responsibility to fund the system in accordance with the demand on the system and is threatening access to quality, patient-focused care that Ontarians need and deserve.

We understand and acknowledge the economic challenges facing this government, and we have done our

share to help. In 2012, Ontario doctors accepted a 5% cut, resulting in over \$850 million in savings to the system. We accepted this 5% cut because we knew we could make cuts in places that would have minimal impact on patient care.

Now the government is cutting the necessary growth in funding for physician services unilaterally and without regard for its impact on patients. This is unsustainable, and it is unrealistic if we want the best care for our patients and if we want the best doctors available in Ontario. It is truly a race to the bottom.

The 5% in 2012, and now 7% in the last three years—that's 12% since 2012, and that is not insignificant.

This summer, the government says they offered us a 2.5% increase and that they couldn't understand why physicians overwhelmingly rejected it. But I do. Our members thought it was irresponsible. They knew that because of previous cuts, the cuts I have just mentioned, the system wouldn't even be restored to where it was five years ago. That wasn't a step in the right direction. What kind of health care reality are we living in that the government keeps taking resources away and then presents 2.5% growth as a win when this doesn't match their own estimates for demand, let alone address years of government underfunding?

At the same time, the government has been spending a significant amount of money on new bureaucracy—the growth of LHINs and new sub-LHINs—through Bill 41 and increasing red tape on doctors. Even in a world with unlimited funds, it is unclear why Ontario needs greater health care bureaucracy. In the world in which we live, where the government is cutting funding for front-line care, this bureaucratic growth is simply unacceptable.

Ontario's health care bureaucracy already dwarfs comparable systems in Europe. Even more red tape on doctors simply adds to the burden on the health care system. Ontario doctors already spend more than 12 hours a week on non-clinical patient care, including filling out forms and navigating our complicated health care system on behalf of patients. This is why we have urged all legislators from all parties to defeat Bill 41.

Yesterday, the government of Ontario presented the Ontario Medical Association with a proposal for a renewed physician services agreement. Less than an hour later, without affording the Ontario Medical Association any opportunity to review this proposal, the minister convened a press conference and publicly revealed the details of the proposal.

In large measure, the ministry's proposal reflects many of the same elements of the tentative agreement members overwhelmingly rejected this summer. Moreover, the government's proposal did not address the fundamental concern of physicians that the government not be permitted to act unilaterally, and instead, that differences be resolved through a fair and independent process of binding arbitration.

Physicians are and always have been an essential service. They deserve binding arbitration. If there was ever a dispute that required it, this is it.

While the government has and continues to unilaterally impose their cuts on physicians, doctors will continue to do everything we can to limit the impact of these cuts on patients. Ultimately, doctors are the duct tape holding together a very broken system, working ever harder on behalf of our patients to prevent them from falling through the cracks.

But make no mistake: Unilateral cuts by the government, over the long term, means that there will be a negative impact on patients.

Our message is clear. We want the government of Ontario to fully fund the demand for medical care in Ontario to meet the needs of a growing and aging population. It is our sincere hope that the government will, in the upcoming budget, begin to reverse the trend that I have set out here today, and that the government will commit to restoring its relationship with Ontario doctors.

It is time for the government to truly put patients first and to fund the growth in the health care system. The decisions that Ontario makes today will impact patients' access to quality care in the years to come.

Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, Dr. Cargill. Mr. Fedeli has questions for you.

Mr. Victor Fedeli: Thank you very much, Dr. Cargill, for being here. First, I want to start by thanking you for your service. I know that we speak for all of us when we tell you that we're very grateful for the extraordinary efforts that you put forward, I know, for your patients as well.

Dr. Darren Cargill: Thank you.

Mr. Victor Fedeli: There seems to be confusion, whether it's in the minds of the public or what we see and hear, when they talk about a doctor's salary. Do you think you could walk us through the fact that there is a gross and a net? Would you help us understand that? When we hear a high number for a doctor's salary, what does that really mean? Is that what you take home?

Dr. Darren Cargill: No, absolutely not. I'd be happy to.

You can pretty much think of every physician as being a small business. When we see a patient, we make a claim to OHIP, and that money comes in to the physician as gross revenue. But out of that gross revenue, a physician has to pay all of their usual expenses. They have to pay for their office space, their equipment, their employees, heat, light, medical supplies and so forth.

Unfortunately, when we see large numbers of billings being reported, that's really the gross amount that a physician is billing. It's nowhere near what the physician is taking home in income. Unfortunately, when these numbers are splashed about sensationally, it really overestimates what a physician's take-home income is.

Unfortunately, with the dispute that's going on between the OMA and the Ministry of Health right now, there is this misconception that we're talking about salaries, that we're talking about income. What we're really talking about is the revenue that physicians need in order to keep their small businesses open and provide service to patients.

Mr. Victor Fedeli: I think that's probably a pretty good explanation. Whenever we hear this \$600,000 number, we're looking at you and thinking that's what you take home, but out of that, you're paying for your rent, your assistants and that type of thing.

Dr. Darren Cargill: Absolutely.

Mr. Victor Fedeli: When we go back to the Legislature, what is it that we can tell the Legislature? What questions would you want us to ask the Premier or the health minister on your behalf, and see if we can extract an answer? What would you like to hear?

Dr. Darren Cargill: I think the simplest question that we would like to have answered is that—we are all in agreement about how the health care system grows. We're adding about 150,000 new patients to the system a year. We add new doctors to compensate for that. We agree on how much the health care system grows, how much physician services grow every year. That number is roughly 3%. The question I would want answered is, then why are we only funding it at 1.25%? To me, that just doesn't make a lot of sense.

The analogy that we often use is that if the government budgets to fight 100 forest fires in a year, what happens if there are 110? What happens if there are 120? Who is going to pay for those additional forest fires? Who is going to pay for fighting those?

Right now, unfortunately, the answer is, they're expecting physicians to make up the difference between what they budget and what the actual demand in the health care system is.

Mr. Victor Fedeli: But it doesn't seem that that just ends with physicians. When I look at the blood service—our hospital now, in order to try to survive, has cut the outpatient blood testing. You now have to go to one of the only two clinics left, but they're capped as well.

Dr. Darren Cargill: Correct.

Mr. Victor Fedeli: So they don't take any more than they should. Now, out of the goodness of some of their hearts, they continue with a few. But I find that with these caps, it changes the way our health care is provided.

I found that with the ophthalmologists as well. A year ago, I ran into one of the ophthalmologists I know, who was on an aircraft in February, and I said, "What are you doing here? Aren't you working today?" And he said, "They've cut cataract surgeries now until the end of March. They can't do them again until April 1. They've finished their quota of cataract surgeries allowed for the year"—he was talking about right across the province.

Would you agree that this is systemic in the health sector and not just exclusive to the physicians?

Dr. Darren Cargill: Oh, absolutely. It's this idea and concept of a hard cap that's really hard to get around. Certainly, if the government is only budgeting for a certain number of procedures—for example, cataracts, hip surgeries and so forth—once that quota is reached, the question is, then what? That's why we generate things like waiting lists and so forth. Once that quota has been reached, then what happens is that the patient is put on a waiting list and they do have to wait.

1200

Certainly, I would agree that physicians are not in the business of turning patients away. We don't want to. But it begs the question, who is paying for that patient's health care once that cap has been reached? Right now, the answer is that it's coming out of the physician's revenue. Physicians are either asked to see that patient and not being paid for it or they are being asked to take a reduced amount for it. That's the problem with a hard cap. We don't determine what patient demand is. We see the patients who come to us who need help, who ask to be helped. We have no control over what patient demand is. We simply try to meet that demand.

The Chair (Mr. Peter Z. Milczyn): Thank you, Dr. Cargill, for coming in today and sharing your views.

Dr. Darren Cargill: Thank you.

The Chair (Mr. Peter Z. Milczyn): If you have something you'd like to submit in writing to the committee, you have until 5 p.m. on January 20.

Dr. Darren Cargill: Great. Thank you very much.

BIOFUELS CONSULTING CANADA INC.

The Chair (Mr. Peter Z. Milczyn): Our next witness is Biofuels Consulting Canada. Good morning, sir.

Mr. Stu Porter: Good morning.

The Chair (Mr. Peter Z. Milczyn): You have up to 10 minutes for your presentation, which will be followed by five minutes of questions from the New Democratic caucus, and if you could please state your name for the official record as you begin.

Mr. Stu Porter: Absolutely. My name is Stu Porter. I'm president of Biofuels Consulting Canada.

I apologize in advance. I have a nagging cough, but I'm only cough when I speak, so I'll try not to—

Dr. Darren Cargill: There's a doctor in the house.

Ms. Ann Hoggarth: Yes, there's a doctor in the house.

Mr. Stu Porter: That's right. Don't let him leave.

Mrs. Lisa Gretzky: But he's in palliative care.

Mr. Stu Porter: Okay, maybe not.

I'll give you a bit of background. In my former career, I was a refinery chemist for 23 years at a Sarnia refinery, and I've been a biofuels consultant for the last 10 years. I'm an SDTC expert reviewer and also a technical adviser to Renewable Industries Canada.

Canadian-produced ethanol is at the forefront and really one of the positive news stories for the province of Ontario. Canadian-produced ethanol reduces emissions by as much as 62% compared to gasoline, and renewable diesel reduces emissions by as much as 99% compared to petroleum diesel.

The industry also generates \$3.5 billion in yearly economic activity and has created over 14,000 Canadian jobs.

In addition, our nation's ethanol and biodiesel mandates are responsible for reducing GHG emissions by 4.2 megatonnes per year. Biofuels are a here-and-now GHG

emission reduction tool. When all the benefits are included, they are a low- or no-cost benefit.

In terms of Ontario, renewable fuels reduce GHG emissions by approximately 1.35 million tonnes annually, and the Ontario Ethanol Growth Fund is a big part of that. The OEGF resulted in \$1 billion in new investment in the province, and I would suggest that expanding Ontario's ethanol mandate will deliver GHG emission reductions faster than cap-and-trade and national clean fuel standards.

On the first page: Higher renewable fuel volume requirements are a relatively simple regulatory process that will immediately deliver GHG emission benefits as other programs are properly developed and implemented. National programs don't necessarily deliver the same economic benefits to all regions; thus, provincial programs are the only way to guarantee GHG emission reductions in a province, specifically the province of Ontario.

Carbon pricing and cap-and-trade do not provide any incentive to produce more clean fuels in Canada. In fact, on their own, they can create a disincentive to do so. Renewable fuels mandates provide financial returns and incentives for companies that produce and/or adopt more sustainable practices and innovative clean technologies.

Our recommendation number one would be to boost renewable content in gasoline. Gasoline suppliers in Ontario voluntarily blend at an average of 7%. That's in spite of the fact that the provincial mandate in Ontario is only 5%. The higher blending level is probably a result of the economics of ethanol being less costly than gasoline, a situation that does not currently exist as a result of the drop in crude oil prices.

Therefore, the recommendation is that the Ontario ethanol regulation be amended to require a minimum of 7.5% ethanol and a 35% reduction by 2018, yielding an expected GHG emissions reduction of 1.6 megatonnes annually. We also would suggest increasing the ethanol blend to 10% and a 40% GHG reduction by 2020, yielding an expected GHG emissions reduction of two megatonnes annually.

I would suggest that a 7.5% ethanol blend is achievable in the short term to expand Ontario's ethanol blending capacity. The 10% level will require some blending infrastructure to be built, requiring a longer implementation period, and will encourage the expansion of domestic ethanol production.

There are only a handful of E85 stations in Canada. The reason for that is that there is no tax relief for ethanol, and at those higher blends, there just isn't an economically viable opportunity. In the US, it's a different tax structure, so there are a number of E85 stations—I think more than 3,000, and probably closer to 4,000 by now.

Although we have a lot of FFV vehicles in Canada and in Ontario, there is no opportunity for the users of those vehicles to get those higher ethanol blends in order to get the GHG reductions for which they purchased the vehicles.

There are over two million FFVs in Canada, and over half a million in Ontario. As mentioned, the owners can

only at best purchase E10 regular gasoline from pumps, and have no opportunity to buy anything higher that would achieve greater GHG reductions.

The other option in the near term is mid-level ethanol blends for FFVs. Part of the reason that it's an unattractive opportunity for E85 is that it's known that for those higher-ethanol blends, there is a mileage penalty—for E50 to E85—so that mileage penalty is reflected in the pump price. That's in part why that's an unattractive opportunity. The difference with mid-level ethanol blends in the E20 to E25 range is that there have been a number of studies done in the US that have demonstrated that there is a minimal mileage penalty, so therefore there is no corresponding price penalty at the pump for that.

That makes the mid-level blend an opportunity that is economically viable, and it's also attractive for users, especially those who have FFVs and pickup trucks. Our son has a Silverado and is anxious to be able to take advantage of the higher octane that will come with that mid-level ethanol blend.

The one slide, just for your edification, shows, as of 2014, the number of FFVs in Canada, and also shows hybrids and some others as well. There are studies that have shown that we have roughly 7.5% FFVs in Canada, and Ontario is pretty similar, roughly around 6%.

Ontario ethanol reduces GHG emissions by just over 1.3 kilograms per litre of ethanol. With the 560,000 flex fuel vehicles in Ontario using an estimated 2,000 litres of each fuel, that would give a total of 224 million litres of ethanol, or 290,000 tons of GHG reduction. The incremental benefit of being able to blend at E20 as opposed to the current E10 would be half that, at 145,000 tons.

There is currently a CGSB—which is the Canadian General Standards Board—ballot to add a mid-level grade of E20 to E25, and I'm the one who is looking after that. It will be balloted this next spring.

There are currently pumps that are approved for E25. We have a supplier called Wayne Fueling Systems, based in Brighton, Ontario, and I have spoken with them several times. The pumps are already available, certified and here in Ontario.

However, it does require some infrastructure. I've looked into the cost of the retail pumps as well as the storage tanks needed, and it's not a huge cost, but it is a cost. This is one of the things that was mentioned in the climate change action plan.

1210

Another thing that's relevant is that tier 3 vehicles are ready for rollout in 2017, the first mandatory year, but, in terms of octane, tier 3 doesn't really require any higher octane. However, the 2017 to 2025 CAFE tier 3 vehicles and regulations will require improved fuel economy and higher-compression engines. Those higher-compression engines will require higher octane in the order of 100 RON, or research engine octane. Currently, most of the pumps in Ontario have 87 octane with E10; premium is typically 91 octane with zero ethanol; and the mid-grade is just simply a blend of those two. When the tier 3

CAFEs come into play, they're going to require a fuel that's not out there now.

As part of that, we've just developed standards at ASTM for certification fuels so that the OEMs can design those engines. It's a performance-based standard that allows up to E50. But the current thinking with most of the OEMs is that it's going to be in the E20 to E25 range. The merit of that is, if pumps are put in place now for E20 to E25 for flex-fuel vehicles, those won't be stranded assets and those same pumps can be used when we get into the tier 3 CAFE vehicles, post-2020.

The Chair (Mr. Peter Z. Milczyn): Okay, Mr. Porter, that's your 10 minutes. We'll now have questions from Ms. Gretzky.

Mrs. Lisa Gretzky: Thank you, and I appreciate your presentation. We should talk further because I will have more questions than my time allows.

First, I'd like you to explain—I know it's written in the presentation, but just so that it actually goes on the written record—what FFV means. I think I drive one, actually.

Mr. Stu Porter: Fair question. It's a flex-fuel vehicle. Because there are so few flex-fuel-vehicle fueling stations in Canada, many owners don't even realize they have one because of that. It does allow up to 85% ethanol in the vehicle, anything from zero up to 85%.

Mrs. Lisa Gretzky: And the only reason I know I drive one is because it says so on the little emblem.

So what you're saying, then, is ethanol is a greener alternative to what we fuel our vehicles with now and that it is also a less expensive product. They mix it now with gasoline because it is a less expensive product.

Mr. Stu Porter: Correct.

Mrs. Lisa Gretzky: That's fantastic, with the fact that it's going to cost less and that it's also greener. All we have to do is stand on the waterfront here, watching Zug Island, when you hear the whistle blow and the big cloud of red smoke comes out and you wonder what kind of stuff we're breathing over here. Certainly, standards over here that would protect our environment—we can't stop their stuff from blowing over here, but we can do some work to protect our environment. It certainly needs to be done in a fair and reasonable way when it comes to businesses and their emissions.

In your presentation, it does say that ethanol is more economical, and you go on to talk about engine manufacturing. Coming from an auto town, I know that there is a move within auto manufacturing towards lighter-weight vehicles because they cost less to fuel, because they are lighter-weight bodies. Do you think that in the near future—so I'm not talking about tomorrow, but within the next 10 to 20 years—you're going to see more and more of a shift in auto manufacturing towards ethanol because it would be a saving to the consumer? So they're building lighter-weight vehicles that would take less gas, but now they're going to be building engines that would require more ethanol because that's a saving to the consumer. It's almost an incentive for a consumer to go out and buy one of those vehicles. Do you think that manufacturing is going to move in that direction?

Mr. Stu Porter: I can't speak to the fuel pricing because that's kind of separate, but in terms of the OEMs and what they're going to produce, yes, absolutely. In terms of ethanol, it's the lowest-cost high-octane component for blending gasoline, and so that's why it's seen as attractive. In my standard that I'm doing at CGSB, one of the OEMs is actually working alongside me because they're very much in favour of not only the mid-level for the flex-fuel vehicles, but also, seeing that two or three CAFE standards are coming, they're already designing those engines that are going to require that higher octane even today.

Mrs. Lisa Gretzky: So there would be—unless I misunderstood, and you can certainly correct me—some retrofitting or some changes that would need to happen at the stations that we see on the corners, where we go to fuel our vehicles. There would have to be some changes made. Do you have any idea what kind of cost those suppliers would be looking at in order to retrofit or change their pumps?

Mr. Stu Porter: Good question. I've made some inquiries. It's in the order of \$25,000 to \$50,000 to put in an additional retail pump, and in the order of \$100,000 to \$150,000 to put in the additional storage tank. So it's not a huge cost, but it is a cost that's going to need to be borne. Incentives along that line that would help ease that burden would help the deployment.

Mrs. Lisa Gretzky: You just answered the next question that I was going to ask, but I want to ask it for the record. Your suggestion, to offset the cost to the suppliers, to the gas stations, would be some sort of credit or incentive, much like how you can retrofit your home: You can renovate to make it more energy efficient. There are often government programs that help offset that cost. You're suggesting that if and when there is a move more so to ethanol at your little corner gas stations and such—well, some of them are big—there would be some sort of financial incentive or tax break or something in order to help them shoulder that cost.

Mr. Stu Porter: Yes, exactly. I'm hopeful that the mid-level for the flex-fuel standard at CGSB will be passed this May, so that can be a near-term solution.

The Chair (Mr. Peter Z. Milczyn): Thank you. That's all of our time for today. If there's anything further you'd like to provide to the committee in writing, you can do so until 5 p.m. on January 20.

SOUTHWESTERN ONTARIO GLEANERS

The Chair (Mr. Peter Z. Milczyn): Our final witness of today is the Southwestern Ontario Gleaners. Good afternoon, gentlemen. You have 10 minutes for your presentation, followed by questions from the Liberal caucus. Please state your names for the official record as you begin.

Mr. George Paisiovich: My name is George Paisiovich. I'm a volunteer with the Gleaners.

Mr. Vern Toews: My name is Vern Toews. I'm a volunteer with the Gleaners. I'm the past chairman and, presently, the chair of the fundraising committee.

Mr. George Paisiovich: For our presentation, I was going to say a few remarks, turn it over to Vern, do a bit of a wrap-up, and then we would be glad to take your questions.

First of all, thank you for your service as MPPs. This is all part of the glamorous life on the road of members of provincial Parliament, and we do appreciate you folks coming down here and being with us.

The Bible talks about leaving some of the food in the fields for the poor to glean. It's that principle that the Gleaners have—what they do is they take unmarketable foods. If you have a contract for carrots, it has to be a certain size. If it's not that size, where does it go? Too often, it goes to landfills. The largest thing that fills landfills is food. What Gleaners basically do is they take that, dehydrate it, process it and make it available all over the world free. The reason that we're here today is because the model that they've developed has been proven to work and now we want to expand it. We want to really increase the capacity.

Next, in terms of some of the benefits—certainly lower landfills. Transportation is much cheaper because you're reducing the weight and size by 80%. North Bay and some of the northern folks can appreciate the significance of that. It's low-impact in terms of storage. It requires no special mechanization or anything. It's very low-energy. You need a metal pot, some water and some heat. It's very high in fibre, iron, B₁, B₆, vitamin C, protein. It's easily incorporated into cultural and personal preferences. Whether it's rice, moose meat etc., it's very adaptable. It's very useful with emergency responses as well.

One of the most significant parts of this is that we can produce it for about four cents a serving. I challenge you to find anything else out there of what's going into food banks and the rest of it that can match that sort of efficiency compared to the nutritional value of it.

1220

Vern here is a graduate of the University of Guelph in horticulture. He was an ag research assistant with Del Monte. He was a greenhouse grower, he was a field tomato grower and he was on the Ontario greenhouse growers' marketing board. He is a former chairman of a co-op that owned a food processing plant. He has been doing this for 52 years. He's got great passion.

I'm going to turn it over to Vern.

Mr. Vern Toews: Thank you, George. I am supposed to be a retired farmer, but I'm actually a recycled volunteer. My wife has hired a divorce lawyer and a marital counsellor. But here I am.

As George has pointed out, I've been with this organization for five years. Our mandate is very simple: We take the waste of 45% of what we produce and we turn it into dehydrated vegetable soup mix and apple snacks. We donate it to charities for distribution around the world and to food banks within Canada and in the school system.

We also have started something new, for a gleaner's operation. The other gleaners in Canada, of which there

is a total of eight—we're the eighth one. There are three in Ontario, there are two in Alberta and three in British Columbia. We also have started taking some of this 45% of waste, namely, carrots, potatoes and so forth, and we're donating it fresh. There is a carrot operation within a half an hour of here. They will throw away up to seven, eight and nine semi-tractor loads a day for three months. Why? Because they are only producing and packaging mini carrots.

My grandchildren in Toronto think that mini carrots grow that way in the soil. They do not. They grow this big and that big, okay? So there is tremendous waste. We're taking this and we're diverting it from the landfill.

We have a little operation in Leamington. Let me describe what we are. We have leased a 10,000-square-foot building which houses a washing line and an inspection line for up to 30 volunteers. We're averaging 22 per day. We run five days a week; 50 weeks of the year we hit it really hard. Also, we have a half-hour time of fellowship and coffee. It's become the second home for a lot of our local adults and old-timers, like me. It's a wonderful little organization.

I want to talk about distribution. Although we're a small operation, this past year, we have produced and distributed 2.8 million servings of soup mix and apple snacks. What's a serving? A serving is a large cup. When we give these to the various countries around the world—most of these countries are very poor. They have white rice. Those of you who are nutritionists will know that white rice does not sustain life. If we get them a cup of our soup mix, it sustains life. Other countries may have pasta or fish or whatever else.

I want to list, if I may, the places that we have gone to. We've gone to Haiti four different times. There's an organization here in Windsor, Ground Effects—anybody here from Windsor? Nobody? They've just taken the second big load. We're feeding 900 kids in one orphanage in Haiti as we speak. We sent them enough food for four months. Hurricane Matthew took off the roofs of all four buildings, but the 900 kids are alive.

We have gone to Africa, New Guinea, Zambia and Mauritania. In New Guinea, we fed 50 Muslim children every day for two years. They called this product Canada sauce. We're going to patent that name, aren't we?

In Zambia, we just got word back. They call it Canadian relish. The parents told our workers over there that not only did we give them hope; we gave them dignity. We made them feel rich. This one bag—that felt rich.

We have gone to the Ukraine, my homeland, twice now. Mr. Putin and his friends are in Donetsk, as you know, killing a lot of people. There are two million displaced people in Ukraine and we have sent 1.1 billion servings to them in the past six months.

We have donated apples to the VON for distribution to the local school system, and to the Goodfellows in Leamington and Windsor for needy families.

We've also donated soup mix, apple snacks and fresh produce to a local food bank hub called Plentiful Harvest

in Windsor. They feed 15 food banks from their one hub, and we've partnered with them. They're the ones who developed this new recipe for us.

Where's Phil? I want to recognize Phil. He is also on our board of directors. He keeps me honest and on the straight and narrow. He is working with Street Help and a food bank called Feeding Windsor.

When we send this soup mix to Haiti or Africa, people are hungry and starving. They'll eat it, right? No matter where we go, they're happy. When we send this to food banks or First Nations in Canada—they like junk food; they don't like this. So we went to Plentiful Harvest and we had them produce for us a brand new recipe. They have added for us either beef broth or chicken broth, and we've added various spices and so forth. Now we have given this to various people—we probably work with about 300—to test this product. It's going over very well. Anyway, that's the new recipe.

What else have we got to do here?

Interjection.

Mr. Vern Toews: We're running late? All right. I talk too much.

I have a vision. When you get old and senile, you have visions, you know what I mean? We have a 10,000-square-foot building and we're maxed out. We've done very well. The new vision includes the following: We want to go to a new building of 17,000 square feet. We want to have a dehydrator that will be 15 times more productive than our present one. I have organized four lines for carrots and potatoes, for onions, for fresh-pack and dehydrated apple snacks, as well as fresh apples with calcium ascorbate. You can buy them at McDonald's, for example. I have commitments for \$1.2 million for a building and we're asking both governments to match that to let us start this new enterprise.

I can tell you folks, I would not be here wasting your time or mine if I didn't think that we, the Gleaners, could not help address the dreadful food nutrition crises in Canada, and at the food banks and the First Nations. If I didn't think we could help, I wouldn't be here. I wouldn't want you to have me here.

Thank you. Help us.

The Chair (Mr. Peter Z. Milczyn): Thank you, sir. We have questions from the Liberal caucus. Ms. Martins.

Mrs. Cristina Martins: Thank you for being here. It's great to be on your home turf here in Windsor. I last saw you—both, I believe—in Toronto.

Before I get on to the questions, I just wanted to correct a record here. When we are in the House, we have the opportunity to correct our own records. I'm sure if the member opposite was in the House, he would probably want to correct his own record. Mr. Barrett earlier said that 39% of all health care funding goes to administration. In fact, administration costs for the health care system in Ontario in 2015-16 were 5.6%. I think it's important that we just clarify that.

But thank you so much for being here, and thank you—

Mr. Toby Barrett: Point of order.

The Chair (Mr. Peter Z. Milczyn): Hold on, a point of order: Mr. Barrett.

Mr. Toby Barrett: Maybe I misspoke but 39% of health resources allocated to home care, which was the topic of the presentation, is bureaucracy.

The Chair (Mr. Peter Z. Milczyn): Thank you very much.

Ms. Martins, proceed with your question for our witness.

Mrs. Cristina Martins: Thank you for clarifying.

Thank you, once again, for being here. It's so great to see you here. I was super impressed by your day at Queen's Park. I took home a lot of these snacks for the kids. Today, I can use some of that hot soup, let me tell you.

Thank you for not only providing hope but providing dignity for those who require it most.

We all know how great the food in Ontario is, and that Ontario produces many high-quality, delicious foods and agri-food products. My husband grew up not too far from here in Chatham, Ontario, so I know the type of quality products that we get here in Ontario—and it's always great to visit the mother-in-law because she always packs a bag with a lot of homegrown stuff.

As of January 2014, farmers have also been able to get a tax credit for any donations of agricultural products to community food organizations, such as food banks. When we buy local, we help create jobs and expand the province's agri-food sector. Do you believe that this will have a positive impact on your organization?

Mr. Vern Toews: It already has, yes. We're using it regularly. A lot of farmers don't do it for that reason; they do it for other reasons. But we give it to them and they do appreciate it.

Mrs. Cristina Martins: Fabulous. That's great to know.

I'm the MPP for Davenport, a very urban, downtown Toronto riding, and have some great organizations that run—

Mr. George Paisiovich: FoodShare.

Mrs. Cristina Martins: FoodShare—exactly. They unfortunately just moved out, but I still keep in touch with them as well.

Can you just let us know how food banks access your product? What do I tell one of the food banks in my riding? How do they get your product?

Mr. Vern Toews: We've been in operation for two and a half years. The first two years in operation, as I said before, this product did not meet with favour. The apple snacks did. With this new recipe, which is only about two months old, we're now going to take this to whoever wants it.

We've been focusing on Essex-Kent for now, but certainly we've done a bit of work in Kitchener-Waterloo. We're prepared to go wherever we get a call. We have a lot of product, and we can go all over—well, we shipped a load to Sandy Lake First Nation last week. We were on The National, by the way, folks, with Wendy Mesley last Friday night.

Mr. George Paisiovich: To give you extra context, with this new equipment, if we expand, we would be able to produce 50 million servings a year, and then each year after that: a nutritional, easy-to-store-and-transport food. We're asking the government to do what we ourselves are prepared to do.

Mr. Vern Toews: A different way: Right now, our three million servings are feeding 7,000 people once a day, every day, for a whole year. Now do that times 50 and it's 100-and-some-thousand people. It's amazing what you can do by dehydration.

Mrs. Cristina Martins: You said that in 2016, you had 2.8 million servings delivered. The goal would be, with this new equipment and a new facility, to be able to augment that to 50 million servings in the year.

Would you have sufficient damaged product, or your supply, to be able to meet the 50 million?

Mr. Vern Toews: This new dehydrator can take only one semi load per day. In Wheatley, Ontario, they're dumping seven to nine per day now. I got a load of potatoes yesterday from Alliston, Ontario. I got a whole tractor-trailer load. He said, "How many more do you want?"

We have no idea of the waste that goes on. I didn't know it, and I'm a farmer. I didn't know it was that bad.

A buddy of mine went hunting last week. He came up to Watford. He walked into a field—25 acres of rutabagas rotting in the field, unharvested. Twenty-five acres: Do you know how many semi loads that is? A lot.

Mr. George Paisiovich: It's really sad.

The Chair (Mr. Peter Z. Milczyn): Thank you, sir. That's all the time we have for today.

Mrs. Cristina Martins: Thank you very much. Fantastic.

Mr. Vern Toews: Thank you for your time.

The Chair (Mr. Peter Z. Milczyn): Thank you for coming out today. We met a few weeks ago in Toronto.

Mr. Vern Toews: Yes, we did.

The Chair (Mr. Peter Z. Milczyn): We're all very grateful for the wonderful work that you do.

Mr. Vern Toews: Sorry you brought us some cold weather, sir.

The Chair (Mr. Peter Z. Milczyn): I want to take this moment, though, on behalf of the committee, to thank the Clerk, our research staff, Hansard, our interpreters and our technical support for all their incredibly hard work on this tour, and every day throughout the year. Their days are much longer than ours. Their work is not finished when it comes to the witnesses and testimony that we've heard over this past week. They still have a lot of work to do.

I also want to thank our silently suffering caucus support staff who follow us around the province. I thank them for their work.

On behalf of the committee, we're very grateful and we wish all of you a merry Christmas and happy holidays.

The committee is adjourned until Wednesday, January 18, 2017, at 9 a.m., in Toronto.

The committee adjourned at 1234.

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