

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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# STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PRE-BUDGET CONSULTATION 2008

1<sup>st</sup> Session, 39<sup>th</sup> Parliament  
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The Honourable Steve Peters, MPP  
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Finance and Economic Affairs has the honour to present its Report on its Pre-budget Consultation 2008 and commends it to the House.

Pat Hoy, MPP  
Chair

Queen's Park  
March 2008

**MEMBERSHIP OF THE  
STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS\***

1<sup>st</sup> Session, 39<sup>th</sup> Parliament

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Chair

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OF THE COMMITTEE



## INTRODUCTION

The Standing Committee on Finance and Economic Affairs conducted its 2008 pre-Budget hearings in January at Queen's Park and in Sault Ste. Marie, Timmins, Thunder Bay, Kingston, Guelph, and London. Witnesses included experts invited by the Committee to present economic forecasts and budgetary advice, representatives from associations, organizations, and community groups, and various individuals. The Committee also heard presentations from municipalities and their associations, as well as other local and administrative bodies exercising delegated authority, including school and social service boards. In total, the Committee heard from almost 150 witnesses and received over 100 written submissions from interested individuals and groups who did not appear before the Committee.

The pre-Budget consultation provides an important forum for citizens, stakeholders, and local government partners to discuss their social, economic, and program-related concerns with elected representatives. The submissions to the Committee constitute a vital part of the political process by which governments are held accountable for their decision-making and administration by the electorate.

This Report is an overview of the main issues raised by presenters during the pre-Budget consultation. Details of submissions by witnesses and their responses to questions by Committee Members can be found in the Committee Proceedings in *Hansard*. A list of witnesses, as well as the organizations and individuals from whom written briefs were received, appears at the end of the Report. An electronic copy of this document will appear on the Committee web site at [http://www.ontla.on.ca/web/committee-proceedings/committees\\_detail.do?locale=en&ID=144](http://www.ontla.on.ca/web/committee-proceedings/committees_detail.do?locale=en&ID=144).

## THE ECONOMY

### Economic Outlook

Gross Domestic Product (GDP), the value of all goods and services produced in a certain period of time, is the primary measure of economic activity. Growth in GDP generally means an economy is expanding, while a decline signals a contraction. At the end of the third quarter of 2007, Ontario's real GDP stood at approximately \$535 billion. In its fall *Economic Outlook and Fiscal Review*, the Ministry of Finance forecasted that GDP growth would be 1.9% during 2007, an improvement over the estimate of 1.6% used in the 2007 Budget. The *Economic Outlook* projected growth in 2008 and 2009 to be 1.8% and 2.4%, respectively.

Despite the improvement to the forecast, the provincial economy is thought to be entering a difficult period. Private sector forecasters have recently issued less optimistic projections for the near term, concerns that were echoed by the experts invited to testify before the Committee. The strong Canadian dollar, high oil prices, growing international competition, and weakening American demand are expected to hurt Ontario's economy, which is heavily reliant on manufacturing and forestry. The Bank of Canada has also cautioned that the crisis in the financial markets may result in tighter credit conditions across the world, hampering economic activity. In January of this year, the Bank considerably reduced its 2008 GDP growth estimate for Canada from 2.3% to 1.8%.

Indeed, Ontario's third quarter 2007 results reveal that GDP growth slipped to 0.5%, following growth of 0.7% in each of the previous three quarters. The Ministry attributed the decline to a worsening in the net trade balance, as exports grew at a slower pace than imports. Unemployment also averaged 6.4% by year's end, a slight increase from 6.3% in 2006. On the positive side, 101,000 new jobs were created in 2007, an increase of 1.6%. The *Economic Outlook* forecast that Ontario's consumer price index, a broad measure of inflation, would ease to 1.4% in 2008, down from an estimated 1.8% in 2007. The province's strong construction and service sectors are also predicted to offset some of the anticipated future weaknesses in manufacturing.

In response to the changing economic landscape, on December 4, 2007 and again on January 22, 2008, the Bank of Canada lowered its key policy rate (the overnight rate through which it influences monetary policy) by one-quarter of one percentage point, bringing it to 4.0%. The Bank indicated that further monetary stimulus would likely be required in the near term. Experts before the Committee stated that inflationary pressures would diminish as the economy slows, giving the Bank further room to cut interest rates. Rate cuts could bolster Ontario's economy by reducing upward pressure on the Canadian dollar and generally spurring activity.

## **Fiscal Situation**

The government is projecting balanced budgets with small surpluses in each year between 2007-08 and 2009-10. The *Economic Statement* contained a forecast for revenues of \$94.1 billion and expenses of \$93.4 in 2007-08. Revenue in the following two years is expected to moderate due to slower economic growth, increasing by an average of 2.6% per year. Expenses will grow at a slightly lower rate of 2.5% per year, allowing the province to maintain a balanced budget.

Total provincial debt (all borrowing by the Province, excluding offsetting financial assets) as of September 30, 2007 was \$160.8 billion. Net debt-to-GDP (an indication of an economy's ability to pay back its debt) peaked at 32.9% in 1999-2000 and has been improving since. The current forecast is for a ratio of 24.4% in 2007-08 and 23.3% by 2009-10.

Experts appearing before the Committee stressed that the province's solid fiscal situation could insulate Ontario from a downturn and provide it with an economic advantage in the next few years. It was recommended that the province use this position of strength to invest in infrastructure and education, address the provincial-municipal financial relationship, and create a strong investment environment by lowering marginal tax rates on business, indexing capital gains to inflation, and supporting all globally-competitive, innovative businesses in the province.

## **MINISTRY OF FINANCE**

### **Fiscal Strategies**

Witnesses sought legislation requiring an annual debt repayment of 1% of revenue, and the application of proceeds from the sale of provincial assets to reduce debt levels. Others advocated that the province take advantage of the reduction in debt interest (a consequence of lower interest rates) by using the savings to lower personal income taxes.

Some organizations asked for the maintenance of existing spending levels, requesting that Ontario's public services and infrastructure be rebuilt. The opposite view was expressed by presenters seeking spending controls such as legislated spending caps, the elimination of support programs for industry, and a prohibition against unbudgeted spending.

### **General Tax Issues**

A reduction in taxes across the board was a recurring theme from previous years. Municipalities in northwestern Ontario wanted taxes set 20% lower than provincial rates to reflect their below-average per capita income. Corporations requested that capital taxes and corporate minimum taxes be eliminated, that the threshold for payment of the Employer Health Tax be increased, and that responsibility for the Ontario Health Premium be clearly placed on employees. They also requested that the province work with the federal government to extend

the accelerated Capital Cost Allowance. The need to reduce the corporate tax rate to remain competitive with other jurisdictions was also highlighted. On the personal income tax side, there were calls for the elimination of the Health Premium.

Anti-poverty advocates argued that tax rates for those earning over \$100,000, or perhaps \$150,000, could be increased to support various social welfare initiatives. Similarly, the threshold for payment of the Employer Health Tax could be raised.

Options were also put forward to fundamentally alter the PST, for example by harmonizing it with the Goods and Services Tax (GST), exempting municipal expenditures, replacing it with a value-added tax, or even completely removing it.

### **Sector-Specific Tax Issues**

The Committee heard from a range of organizations proposing tax alternatives designed to assist their stakeholders. Forestry groups proposed that tax policy encourage the development of new forestry processes and markets. Retailers requested that software be taxed according to use, that the tax status of herbal and natural products be based on the federal system, that bottled water be treated the same under the PST as it is under the GST, and that the PST threshold for small meals be increased. Vehicle manufacturers proposed the replacement of the Tax for Fuel Conservation with such measures as the accelerated removal of older vehicles and expanded incentives for fuel-saving technology.

Arguments were also made for the extension of tax credits under the Labour Sponsored Investment Fund and for apprenticeships, incentives to reduce the capital cost of clean vehicles, and the avoidance of an increase in tobacco taxes along with the enforcement of laws to eliminate tobacco contraband.

### **Other Matters**

Bankers recommended that the government avoid adopting the securities passport system, unless other provinces agree to a timetable to convert the system into a common securities regulator in the near future. A seniors' group proposed that a voluntary pension plan be established for the self-employed and small businesses, while a taxpayers' organization requested that the government provide fuller disclosure of certain expenses.

### **MINISTRY OF ABORIGINAL AFFAIRS**

Numerous First Nation groups requested that the provincial government ensure that their federal counterparts fulfil their financial obligations in the areas of Aboriginal health, education, and housing, and remove any existing funding caps. Witnesses specifically requested that the province conclude its negotiations with Aboriginal authorities in order to flow federal money earmarked for housing and the Urban Aboriginal Strategy.

Several presenters requested that the province provide more funding for all levels of Aboriginal education and training. Presenters stressed that Aboriginal students should receive the same funding as their non-Aboriginal peers and that educational outcomes should be dramatically improved. Specific requests included the implementation of the recommendations from the Ipperwash Inquiry and the development of programs tailored to Aboriginal demographics and cultural needs, including special programs for students-at-risk. The Committee heard that funding for Friendship Centres could aid in these goals.

Stakeholders also urged that funding be provided to Aboriginal Health Access Centres on a par with that provided to other Community Health Centres.

Six Nations of the Grand River asked that the province provide funding for several specific purposes, including housing units, a communications network, the Best Start program, and a water and waste water treatment system.

Several witnesses asked that measures such as tax policies, resource development, and revenue sharing be implemented to allow First Nations to become more self-sustaining. Furthermore, the duty to consult should be fully established and adequately funded. Critics of the duty to consult expressed concern that it destabilized the province's land registry system and threatened future development.

Finally, the creation of the Ministry of Aboriginal Affairs was applauded, although presenters expressed the hope that the current Minister would remain in his position for some time to allow for continuity.

## **MINISTRY OF AGRICULTURE, FOOD AND RURAL AFFAIRS**

### **Farm Income Safety Net**

Farmers from several agricultural sectors approached the Committee with requests to bolster various aspects of the farm income safety net. Because of the impact of anti-smoking initiatives, tobacco growers want the province to eradicate tobacco production, negotiate with the federal government to buy out the remaining quota of tobacco growers, and agree to provide 40% of the cost. Fruit and vegetable growers want Self Directed Risk Management (SDRM) to be extended until they have access to an affordable insurance program comparable to the one employed in the grain and oilseed sector.

Cattle farmers asked the province to continue to provide financial assistance via a quarterly payment program, based on the number of animals marketed and on market prices realized. They also requested a grant to fund a risk-management pilot program for farmers supplying Ontario Corn Fed Beef and participating in the Buy Ontario strategy, and called for the province to protect Ontario's remaining processing facilities as aggressively as the auto sector is protected.

Farmers also asked the Ministry to ensure that the cost of regulations that benefit consumers and society as a whole is not borne exclusively by farmers.

## **Rural Infrastructure Funding**

Some witnesses asked the Ministry to focus rural infrastructure funding on truly rural communities, and to provide ongoing rather than one-off programs for which municipalities must compete, such as COMRIF (Canada-Ontario Municipal Rural Infrastructure Fund). Others asked that the COMRIF application process be simplified to suit the resources of smaller regions. Finally, witnesses praised the government's rural broadband program and asked that further money be invested in this initiative.

## **Veterinarians**

Veterinarians offered to consult with the government on areas of immediate concern in the animal health industry, including emergency preparedness, the safeguarding of human and animal health, and providing proper protection against dangerous animals. They also requested that they be given the right to have family members as non-voting shareholders in veterinary corporations, and offered to work with the government to ensure an adequate supply of food animal veterinarians.

## **MINISTRY OF THE ATTORNEY GENERAL**

The government was asked to provide funding for justices of the peace, legal support workers in women's services, adequate legal services to assist in the implementation of the new human rights legislation, and to separate funding for legal aid into criminal, civil, and family law envelopes.

Lawyers also requested that they be permitted to issue non-voting shares to immediate family members.

## **MINISTRY OF CHILDREN AND YOUTH SERVICES**

### **Child Care**

Witnesses expressed the need for financial support for a range of child care and early learning initiatives, including the Best Start program and a non-profit, universal child care system. Some groups requested that a target of 25% of children aged 0 to 12 should have access to licensed, affordable child care within 5 years. Others asked that no new licenses be issued for non-profit child care programs and that the federal transfer for child care be spent exclusively on non-profit spaces. Workers urged that working conditions in the field be improved through higher wages and the provision of better benefits.

## **Child Welfare**

Child advocates asked that the child welfare allocation include sufficient resources to address a number of variables, including northern remoteness, French-language services, capital needs, legal custody issues, permanent placement options, increased workload requirements, and costs for the Child and Family Services Review Board. A more general request was made to fund the child welfare deficit for 2007/08 and to increase funding by 3% to 5% in 2008/09.

Agencies also sought a third party review of caseload benchmarks, and suggested that the age of a “child in need of protection” be increased to 18 and Crown Wards be supported beyond the age of 21.

## **MINISTRY OF CITIZENSHIP AND IMMIGRATION**

The Ministry was asked to allocate \$24 million over four years to complete the province-wide implementation of the 211 telephone service. Seniors requested that the Ministry make permanent the recent program offering funding to referral and peer support services for seniors experiencing abuse. The Ministry was also urged to eliminate barriers for internationally-trained professionals and trades people.

## **MINISTRY OF COMMUNITY AND SOCIAL SERVICES**

### **Developmental Services**

The Committee heard several presentations from providers in the developmental services field asking for an increase in resources to provide services such as day supports and respite for families, and funding to close the wage gap between workers in this sector and those doing similar work elsewhere. New funding requests were made on behalf of patients with a dual diagnosis to support integrated, individualized service (from the Ministries of Community and Social Services and Health and Long-Term Care) and the creation of community spaces for these individuals. It was also suggested that protocols and appropriate placement options acknowledging the severity of aggression displayed by such patients be developed.

### **Housing Supports**

Witnesses proposed that a long-term capital planning program be implemented for the dedicated supportive housing portfolio. Presenters asked that supportive housing for persons with physical disabilities be provided in the areas in which such individuals live. For persons with developmental disabilities, witnesses asked that the “centres of excellence” proposal for the three remaining regional centres be adopted. Finally, it was requested that the funding formula take account of higher costs and differing conditions for women’s shelters in the North.

## Poverty Reduction Strategy

The government's proposed Poverty Reduction Strategy (PRS) attracted significant interest during the pre-Budget consultations. Witnesses recommended that the PRS consider the role of numerous factors in reducing poverty: child care, early learning programs, the Ontario Child Benefit, affordable housing, dental health, the minimum wage, and social assistance rates. It was also proposed that the Strategy address the specific problems faced by racialized communities, Aboriginal people, persons with disabilities, seniors, new immigrants, women, and those experiencing manufacturing job losses.

Others organizations requested that the Strategy develop indicators for measuring poverty, set clear targets, coordinate a plan of action, and monitor results, possibly using the models provided by the United Kingdom, Ireland, Quebec, and Newfoundland and Labrador. Some presenters were more specific, proposing that the government reduce poverty by 25% in five years and 50% in ten.

Several groups asked that funding be provided to make the public consultation process as inclusive as possible, or to create an inter-ministerial body to guide the PRS. Others stated that a minimum of \$15 million in new funding should be provided each year for the following four years, or that the \$1.1 billion in tax cuts announced in the economic statement be used to implement the PRS.

Finally, it was proposed that the federal government be pressed to contribute to the PRS by making changes to the EI program, restoring contributions for a range of social services, and improving funding for cities.

## Social Assistance Programs

### *General Rates*

The Committee heard from many groups asking that rates for social assistance be increased and indexed to inflation. Some stressed the need to afford basic necessities such as housing, food and transportation, while others requested that an independent body determine fair rates. Several witnesses recommended that the government reduce benefits by a lower percentage when recipients are able to obtain employment.

### *Ontarians with Disabilities*

Disability advocates called for investment in accessibility promotion, an employment strategy for persons with disabilities, and increases in home care, drug, and dental benefits for ODSP recipients. They also requested an improvement in the ODSP adjudication process and the investment of significant sums to hire more staff to serve recipients. One municipality asked that the standards under the *Accessibility for Ontarians with Disabilities Act, 2005*, be harmonized with related existing requirements in the *Ontario Building Code* and *Ontario Human Rights Code*.



### *Ontario Child Benefit*

Anti-poverty advocates called for the government to increase the Ontario Child Benefit, speed up its implementation, and alter its structure so that parents on social assistance may receive the same net benefit as working parents.

### *Other Matters*

The Committee received a number of other suggestions about the province's social welfare programs. Seniors asked that the supplement for special diets be expanded to include seniors living below the poverty line. One group called for \$325 million to be invested over four years to reduce the waiting list for supports and services of all kinds. Finally, improved language interpretation services for victims of domestic violence in Thunder Bay and Kenora were requested.

## **MINISTRY OF COMMUNITY SAFETY AND CORRECTIONAL SERVICES**

### **Animal Welfare**

An animal welfare organization asked that the province provide better protection for captive wild animals by requiring licenses (with appropriate fees) for all such animals, taxing their breeding, updating the definition of cruelty in the province's animal protection legislation, creating penalties for the new offences and permitting inspectors to issue tickets for them, and improving the funding for the Ontario Society for the Prevention of Cruelty to Animals.

### **Police Services**

Police officers wanted the province to ensure that Ontario receive its rightful share of federal funding for new police officers, based on population, and to negotiate with their federal partners to establish this funding for the long-term. They also argued that court security and prisoner transportation should remain a core police responsibility.

Citizens of Caledonia urged the province to assist in the funding of a local police force in Haldimand County, to compensate for the consequences of the land occupation.

## **MINISTRY OF CULTURE**

A heritage group asked the Ministry to re-establish funding programs like the Community Heritage Fund, Designated Property Grants, and the Heritage Challenge Fund, or other programs such as tax incentives and rebates, to assist heritage property owners and enhance heritage districts.

A public library board requested reliable and increased funding for public libraries, encompassing an infrastructure program to help communities replace and expand their libraries. Additional money was also requested for Knowledge Ontario, the province's digital library program.

## **MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE**

The Committee heard from many witnesses concerned about the economy. Manufacturing stakeholders requested that the government develop a manufacturing strategy, create a Jobs Protection Commissioner, hold a summit or create a task force to address manufacturing issues, remove the minimum investment threshold from the Advanced Manufacturing Investment Strategy, and require Canadian content in manufactured goods.

In the forestry sector, stakeholders similarly proposed the creation of a Jobs Protection Commissioner. They also asked the province to work collaboratively with industry to resolve competitiveness issues and to create a fund for programs to support workers and communities affected by the downturn.

Other witnesses asked the government to finance the proposed Ontario Investment, Inc., to ensure that the Eastern Ontario Prosperity Fund be grants-based, to provide long-term operating funds for community economic development, and to create a training program to address manufacturing jobs not eligible for the Next Generation Job Fund. Finally, witnesses encouraged the province to cooperate with the federal government to address the impact that the devaluation of the American dollar is having on Ontario's economy, particularly agriculture.

## **MINISTRY OF EDUCATION**

### **Funding Issues**

The Committee heard from many stakeholders making requests pertaining to all aspects of the education funding formula, summarized below.

#### *Pupil Accommodation Grant*

Catholic school boards asked the Ministry to allocate funds for school renewal to meet needs identified in the Renewal Capital Asset Planning Process (ReCAPP), and to design a new capital funding program addressing the requirements of growth schools and older schools. They also requested that the New Pupil Place accommodation grant be adjusted to meet the actual costs of construction.

#### *Pupil Foundation Grant*

School boards and teachers asserted that funding must be adequate to the actual costs of salaries, benefits, and professional development for all employees, including support staff, casual staff, and professional services. Furthermore, such funding must be indexed to inflation and acknowledge all preparation and supervision time that boards provide.

Elementary school teachers called for the elimination of the overall funding gap between elementary and secondary students, and the specific gap in money for staff development, textbooks, classroom supplies, computers and consultants. A

request was also made to staff junior and senior kindergarten using a ratio of two professionals (one teacher and one early childhood educator, both certified) per 18 students. Secondary school teachers asked the Ministry to fund all students in grades 7 to 12 at the secondary level and to remove the 7.5 average credit cap. Both sets of stakeholders asked that funding for local priorities be re-established in the Foundation Grant.

A Catholic school board requested that grants per pupil to all school boards be equalized.

### *School Foundation Grant*

Stressing the need for a positive learning environment, a number of stakeholders requested that the School Foundation Grant be modified to provide funds for certain services and a minimum staff (such as a full-time teacher librarian and guidance teacher) regardless of the size of the school. One teachers' federation recommended that the generator in the school foundation grant be increased by 0.25.

### *Special Purposes Grants*

**Declining Enrolment:** Teachers and boards asked for recognition that enrolment decline is not immediately accompanied by dollar-per-dollar reductions in expenditures. They recommended enhancing the Declining Enrolment Grant and creating a task force to examine the impact of declining enrolment and recommend long-term strategies. Catholic school boards stressed that the constitutional framework needed to be respected in the design of any such proposals.

**Special Education:** School boards sought a review and update of the benchmarks used to calculate SEPPA (Special Education Per Pupil Amount), to more accurately capture costs and to provide increased support for high needs students (as determined by a student's IEP, or Individual Education Plan). However, funding should also be provided for short-term intervention for students without an IEP. It was also proposed that the province track changes in the number of high needs students in order to inform future funding decisions.

**Student Transportation:** The Committee heard from boards and school bus operators concerned about shortfalls in funding for student transportation. Fuel costs have risen, and the gap in wages between municipal transit workers and school bus drivers has resulted in a high rate of turnover among the latter. Witnesses proposed that increased, designated funding be provided for busing, that funds be fully passed on to school bus operators, and that multi-year budgeting and contracting be considered. Catholic boards asked that schools be permitted to consider a wider range of cooperative transportation ventures.

**Other Special Purpose Grants:** Music teachers asked the province to make a major capital investment in musical instruments and equipment, and to modify the funding formula to acknowledge the costs of specialized music rooms. Boards and teachers wanted the challenges of school boards facing geographic inequities

to be addressed, perhaps by modifying the distance component of the Remote and Rural Allocation. Teachers and anti-poverty advocates advocated full replacement funding of the Local Priorities Grant and Learning Opportunities Grant, and the restoration of services such as social workers, psychologists and school community advisors.

Several groups asked the government to ensure that adequate funding be available to implement Ministry initiatives such as the reduction in class size, new data collection systems, Good Places to Learn, annual testing for lead and the daily flushing of taps to eliminate lead risks, and full-day junior and senior kindergarten. Furthermore, the Ministry was asked to release a detailed cost, funding and workload analysis prior to the initiation of any future initiatives.

## **Non-Funding Issues**

### *Curriculum*

Music teachers requested 100 minutes of music instruction time each week in the elementary curriculum, to be delivered exclusively by specialist music teachers. They also proposed a comprehensive study to identify resource, funding and policy gaps currently preventing the delivery of music education.

Elementary teachers asked that a design and technology course be re-established for grades 7 and 8 students. Secondary school teachers recommended that adult education opportunities be expanded and fully funded.

### *Other Matters*

Secondary school teachers proposed that school boards be permitted to employ and train staff to improve safety in the schools. They also asked the Ministry to ensure that all staff providing services to students were employees of the school board, and to route all funding and services directly through the school board.

## **MINISTRY OF ENERGY**

### **Conservation and Price**

Several witnesses asked the province to encourage energy conservation through the support of education programs and forms of renewable energy. Because low-income consumers would particularly benefit from conservation, anti-poverty groups suggested that the government develop free programs for this group. These groups also advocated emergency energy assistance for poorer households. Rental housing providers requested the elimination of barriers to rental housing smart-metering.

Stakeholders in the manufacturing and forestry industries recommended that the government subsidize hydro rates at \$45 per megawatt hour or provide rebates, and establish a regional authority to produce power at competitive rates, particularly in the north.

## **Policy and Supply**

The Committee heard deputations from a number of organizations promoting various forms of energy. While some supported the decision to close the province's coal-fired plants, others advocated that the government work to make coal cleaner or convert the facilities to alternative types of fuel such as natural gas. The propane industry asked the government to promote the use of alternative fuels, for example, by encouraging the use of propane in high-consumption, centrally-maintained vehicles (such as school buses or police cars). Community groups called for the development of sources of cleaner energy other than nuclear power.

Members of the business community encouraged the government to diversify supply, approve and implement the IPSP (Integrated Power System Plan), encourage private investment in the energy sector, and expedite the approval process for large-scale energy projects.

## **MINISTRY OF THE ENVIRONMENT**

### **Bottled Water**

The Committee heard a deputation from an environmental group advocating the reduction or elimination of the use of bottled water. The organization recommended the establishment of a returnable bottle system, a tax on disposable beverage bottles, an increase in the levy on water taking, the subsidization of reusable stainless steel or aluminium bottles for school-aged children, and the promotion of tap water.

### **Other Matters**

The Committee also heard recommendations on a series of unrelated matters. It was proposed that the province phase in a carbon tax or other environmental taxes, and ban the use, sale and retail display of cosmetic pesticides. Farmers advocated the creation of an environmental farm plan in cooperation with the federal government, while truckers proposed the development of an environmental truck program. Finally, environmentalists recommended that the government re-build capacity in the Ministry of the Environment and the Ministry of Natural Resources by increasing funding.

## **MINISTRY OF GOVERNMENT AND CONSUMER SERVICES**

### **Land Registry**

A surveyor recommended that the Ministry subject Teranet, the province's land-registry system, to a value-for-money audit, arguing that the service was flawed and prone to error. The surveyor also recommended that the profits from the system be reinvested to deliver a better quality product, and that the province's

*Insurance Act* be amended so that no title insurance be issued unless the insurer has obtained a current Surveyor's Real Property Report from a licensed surveyor.

## **Government Agencies**

A citizen's organization made several proposals pertaining to the accountability of Crown corporations, recommending that these organizations hold annual public meetings, issue public annual reports no later than three months after the end of the fiscal year, and that departmental or ministerial involvement in such reports be disallowed.

Physicians and surgeons recommended that the public appointment process be improved in a number of ways, for example, through a better initial screening process, effective orientation, increased per diems, compensation for travel, adequate public representation on boards, and public participation.

## **Other Matters**

A municipal association asked the Ministry of Government and Consumer Services, in cooperation with the Ministry of Natural Resources, to ensure that the government paper procurement policy commit to purchasing all paper from sources certified under one of the following internationally-recognized standards: Canadian Standards Association, Forest Stewardship Council, and Sustainable Forestry Initiative.

One witness suggested that the province's regulatory reform commitment could be demonstrated by requiring all ministries to regularly publish their total regulatory count.

## **MINISTRY OF HEALTH AND LONG-TERM CARE**

Health care continues to be one of the focal points of pre-Budget consultations in the province, and the Committee heard recommendations from a broad range of stakeholders.

## **Home and Community Care**

Stakeholders stressed the importance of investing in home, community and hospital alternative levels of care to improve support and ensure that acute care beds are not used for patients who could be treated elsewhere. Several groups requested that a moratorium be placed on the competitive bidding process, or that it be replaced with a collaborative proposal development with existing providers.

## **Hospital Funding**

Stakeholders asked that decisions regarding services at hospitals facing budgetary challenges be attentive to the health needs of the community. One group

requested that funding be provided for legislated patient safety initiatives, while another supported the creation of an independent patient safety institute.

Specific funding requests were made for the completion of a mental health unit at Guelph General Hospital, the construction of the Hospice Palliative Unit in Guelph, and a new hospital combining Mental Health Services and St. Mary's of the Lake Hospital in Kingston. Academic hospitals also requested stable and predictable funding to support their multiple roles and to attract and retain highly qualified scientists.

### **Long-Term Care**

The Committee heard from several organizations calling for improvements to increase the number of personal care hours for long-term care residents to either 3.0 or 3.5 per day, to provide one additional activity aide per seven days, to increase dietary staffing and the number of incontinence changes per day, and to preserve services such as housekeeping, laundry and maintenance.

Other stakeholders asked that the Ministry develop new standards for long-term care homes, setting realistic capital development specifications and providing an estimate of the associated costs.

A further request was made to increase the number of long-term care beds in the City of Timmins.

### **Mental Health and Addiction**

Witnesses asked the government to take action on reform of the mental health system immediately, rather than continue undertaking further studies. Funding was requested for more forensic beds to keep psychiatric patients out of jail, alternative level of care housing, better payment of mental health workers, and improved services in general. Mental health advocates also recommended that a moratorium on cuts to hospital-based mental health beds be imposed until appropriate community programs have been established.

Specific requests were made to continue the mental health funding of psychogeriatric beds and services when these are discontinued at Lakehead Psychiatric Hospital, to match the money the City of London is investing in its Community Addictions Response Strategy, to provide funds for a residential treatment facility for youth in Ottawa, and to implement the recommendations in the 2002 Task Force report, *A Regional Mental Health System for Northwestern Ontario*.

### **Physician Shortages**

In order to address the physician shortage, the Ministry was advised to establish an independent body to develop a plan to train more doctors and other health professionals, and to publicize and enhance the strategy for repatriating physicians.

One business organization asked that the Ministry modify its formula for determining under-serviced areas by excluding specialists and doctors employed in teaching, as these individuals are unlikely to be available for family practice.

### **Primary Care Delivery**

Health care professionals, advocates and business groups made several recommendations pertaining to the delivery of primary care. Nurses requested that the Ministry fund 25 new clinics led by nurse practitioners and provide dedicated funding to enhance the management of chronic disease. Others advocated the completion of a provincial network of community and Aboriginal health centres and family health teams, paying particular attention to access in the north and in Aboriginal communities. One group requested that funds be provided for the new family health team in Guelph.

Several witnesses asked the government to eliminate the three-month wait period imposed on landed immigrants for OHIP.

### **Registered Health Professions**

The Committee heard presentations from a number of the associations representing the province's regulated health professions.

Nurses called for an increase in the nursing workforce by 9,000 full-time equivalents by 2010. Further funding for new nurse practitioner primary health care positions was also requested. Nurses asked that the Ministry guarantee jobs for new nursing graduates and invest in healthy work environments for nurses, including a zero tolerance approach to violence. Finally, nurses requested that remuneration and working conditions be equalized for nurses working in acute care, primary care/family practice, and home and long-term care.

Optometrists advocated that a multi-year funding agreement for OHIP-insured services be finalized, and that such services also be incorporated as a part of family care and a comprehensive diabetes strategy. They also proposed a review of the Ministry's draft regulations extending the scope of practice of the province's optometrists.

Chiropractors requested that the Ministry consider funding options for chiropractic care for those in financial need. Dietitians called for an increase in the number of dietetic internship opportunities to address the shortage in the field.

### **Other Matters**

Several organizations asked the Ministry to implement e-health initiatives or invest in hospital information technology. Others asked the province to establish a health research agency to set research priorities. Finally, concern was expressed about the regulation of complex procedures performed outside of hospital, and Alberta's oversight model was proposed as a potential option.



## **MINISTRY OF LABOUR**

### **Collective Bargaining**

Several witnesses asked that the Ministry limit the use of arbitration and instead encourage unions to negotiate, thereby assisting hospitals and municipalities to balance their budgets.

### **Employment Standards**

Labour and social welfare groups indicated that the *Employment Standards Act* requires better enforcement and should be updated to protect workers in non-standard employment. Others proposed that the Act be amended to require companies to give more notice and minimum severance to those affected by layoffs and closures.

### **Minimum Wage and Pay Equity**

The Committee heard presentations from many witnesses asking that the minimum wage be increased more rapidly and indexed to inflation.

Several organizations encouraged the government to redress outstanding pay inequities through funding, the creation of a compliance mechanism, and the provision of legal support.

### **Workplace Safety and Insurance Board (WSIB)**

A health care coalition charged that the WSIB should be responsible for all health costs caused by workplace injury. Similarly, an injured workers group stated that the province's social programs were wrongly providing financial assistance and legal aid to injured workers when these services should be the responsibility of the WSIB and the province's employers. The workers also noted that it was difficult for small employers to receive rebates even when they had excellent safety records.

Spokespersons for the construction industry asked the Ministry to introduce legislation to provide WSIB coverage for all individuals regularly exposed to hazards on any construction site.

## **MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING**

### **Housing**

#### *Strategy*

In the interests of low-income individuals, seniors and the homeless, it was proposed that housing be made a basic right, and that public consultations be held on the topic of affordable housing. Suggestions to improve the supply of affordable housing included the construction of new units, inclusionary zoning

(where housing developments are required to incorporate low-income households), an increase in capital and operating funds, and the reduction of the rent subsidy that municipalities pay for social assistance recipients. Other proposals involved enhanced support for the Emergency Energy and Consolidated Homelessness Program, the Guelph Non-Profit Housing Corporation, and the creation of a financing facility for the under-funded capital reserves of social housing providers.

The Province was urged to assume a leadership position on affordable housing by supporting renewal of the federal housing and homelessness initiatives.

Rental housing providers asked that the 2% base increase be restored to the provincial rent guideline.

### *Financial Assistance*

Recommendations were targeted towards assisting low-income earners in recognition of the high cost of shelter. Witnesses asked for new rent supplement programs, improved funding for the Rent Bank, subsidies for seniors in market rent apartments, and an emergency housing allowance.

## **Land Use Planning**

Presenters focused on The *Development Charges Act*, a central component of land use planning. Municipalities want the Act to be amended so that they have more power to recoup the costs of development, while developers are concerned that consequent increases to the cost of housing would hurt homeowners and their industry.

## **Local Services Realignment**

Discussions on local services realignment were focused on achieving a better balance between the municipalities and the province for the financing of and delivery of services. Services generating discussion and considered in need of adjustment included social and co-operative housing, social assistance, public health, child care, land ambulance costs, court security and long-term care.

## **Municipal Revenues**

### *Property Tax*

Several witnesses highlighted inequities among municipalities regarding the property tax system, prompting recommendations for reimbursements or an adjustment to the composition of the system. The treatment of hydro corridors, lands generating raw materials such as minerals, and Crown lands were of particular concern.

Some municipalities proposed an increase to the “heads and beds” levy that they receive in lieu of property taxes for municipal institutions. Others informed the Committee of the difficulties faced by municipalities experiencing drastic changes

in their assessment base and requested a mechanism to address consequent funding shortfalls. Individual homeowners were concerned about dramatic assessment increases.

Recommendations focusing on Northern Ontario included the allocation of additional revenue from provincial land tax reform and the acceleration of the cut to the Business Education Tax.

### *Other*

Municipalities proposed that they be given broader power to generate revenue. However, business groups were opposed to enhancing the taxing powers of municipalities, or recommended doing so only after a referendum. One group advocated the removal of the new taxation powers given to the City of Toronto.

The gasoline tax was the subject of several recommendations, including the expansion of the tax to increasing funding for municipal infrastructure, roads and transit systems.

Some citizen and anti-poverty groups were concerned about the potential impact of an increased reliance on municipal user fees.

## **Ontario Municipal Partnership Fund (OMPF)**

Highlighting inequities in the OMPF, witnesses asked for an extension of Special Assistance Grants, an adjustment to compensate for cost increases experienced by Social Services Administration Boards, a re-examination of the Farmland and Managed Forest Grant, and the consideration of population density in the overall formula. Requests were also made for indexed long-term funding as opposed to grants.

## **Provincial-Municipal Fiscal and Service Delivery Review**

The Provincial-Municipal Fiscal and Service Delivery Review generated several suggestions, including the quick resolution of the fiscal imbalance, an enactment of all relevant legislation within 12 months of the review's completion, and the dedication of savings identified in the review to municipal property tax relief.

## **MINISTRY OF NATURAL RESOURCES**

The Committee heard from numerous stakeholders in the forestry sector. Witnesses asked the province to assist the industry by reducing Crown dues, funding research and development, and establishing regional timber boards staffed by stakeholders. Spokespersons also asked the government to commit to a long-term supply of wood and exempt the sector from the requirements of the revised *Endangered Species Act*, indicating that these were already satisfied by Forest Management Plans.

Presenters also made recommendations about the timber allocation system, asking the government to include targets for job creation, value-added research, and replanting requirements in the allocations, and to hold public hearings before any allocation of more than 50,000 cubic metres out of a particular region. Others proposed that reforestation could be aided through the appointment of a Provincial Chief Forester.

## **MINISTRY OF NORTHERN DEVELOPMENT AND MINES**

Northern communities were concerned about a number of mineral resource issues. Municipalities asked the province to create a mechanism for revenue sharing, particularly for the De Beers project. Businesses, however, argued that the province's proposed diamond royalty should not apply to De Beers, as it would discourage future investment. Businesses also asked that the mining tax be maintained in the range of 3% to 5%, and that surface and mineral rights be kept separate.

Finally, municipalities asked the province to continue to support the Northern Ontario Heritage Fund loan program, and to consider expanding it to include upgrades in areas such as water and sewer, gas storage, and accessibility.

## **PUBLIC INFRASTRUCTURE RENEWAL**

A number of witnesses, particularly representatives of municipalities and industry, endorsed the province's commitment to infrastructure rebuilding. Organizations asked for further investment in areas such as container ports, rail links, water and sewer systems, roads, and general municipal infrastructure needs. One group asked the government to finalize an agreement for the Building Canada Fund with the federal government.

Nurses requested that the government call an immediate moratorium on Infrastructure Ontario's alternative finance and procurement projects (AFP) in the hospital sector.

## **MINISTRY OF RESEARCH AND INNOVATION**

A municipality proposed that the government consider the appointment of a new Deputy Minister of Research and Innovation, based in Northern Ontario, to focus on a Northern Ontario strategy.

## **MINISTRY OF TOURISM**

Witnesses asked that the government create and fund stand-alone programs in recreation and tourism, and continue to market and support the tourism sector.

## **MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES**

### **Training**

Several witnesses drew attention to the shortage in skilled labour. One organization encouraged the government to institute a new mentoring program, extend the Apprenticeship Training Tax Credit, allocate the \$192 million in new federal funds to skills initiatives, initiate a “next generation” skills program to assist employers with labour shortages, and work with educators to design and implement new programs. Other groups proposed the establishment of a Premier’s skills council and the encouragement and financial support of career paths in the trades, rather than just university.

Finally, the government was asked to work towards establishing uniform training certification procedures and requirements across Canada.

### **Community Colleges**

Students at community colleges voiced interest in the improved transferability of credits between colleges and universities, and asked that the government devote resources to addressing the issue with the assistance of the College-University Consortium Council.

Colleges made a general request for more capital funding (\$90 million in 2008/09), while specific requests were made on behalf of Conestoga and Northern Colleges. Colleges also asked that operating grants increase by \$120 million, and proposed that \$40 million be invested in labour market programs and \$6 million in applied research and development.

Some student advocates recommended that community colleges receive the same per student funding as university students, while others proposed that Ontario raise funding to the national average of \$8,800 per student.

### **Universities**

Universities also appeared before the Committee with their unique set of concerns. Witnesses asked for a contribution to the \$1.6 billion required to revitalize university infrastructure and the development of a long-term capital plan. Operating grants were requested to hire 5,500 new faculty members to bring student-faculty ratios to at least the national average, and to attract and retain world-class faculty and students.

Universities also requested that the Ministry support all research equally by taking a more balanced approach to research funding, and develop a plan to ensure the continued expansion of the number of graduate students as a way to fuel research, assist with teaching loads, and create the talent to replace retirees.

Finally, witnesses requested that the Ministry continue to support innovative learning pathways such as the joint diploma/degree offerings at the University of Guelph and Humber College.

### **Tuition, Student Assistance and Debt**

Student groups representing colleges and universities made recommendations pertaining to the cost of tuition. Witnesses proposed a moratorium on tuition increases, an end to ancillary fees, the creation of a fee-increase protection fund using money granted by the federal government in the 2007 budget, the development of an endowed community foundation to increase accessibility, and the funding of more needs-based grants and awards such as the Ontario Access Grant and the Ontario Graduate Scholarship Program.

Witnesses also made presentations pertaining to the Ontario Student Assistance Program (OSAP). One group proposed a task force to review the entire system. Several witnesses advocated that the interest rate be reduced to prime minus one, and that the debt remain interest-free until 12 months after graduation. A legal association suggested that graduates of law programs should be able to defer repayment and interest until the completion of the bar admission process. It was also suggested that graduates be permitted to choose an individualized repayment term upon consolidation, and that a more generous loan forgiveness program be established for women to acknowledge the cost of raising children.

### **MINISTRY OF TRANSPORTATION**

Municipalities and their associations requested that the Ministry consider the repatriation of former provincial highways, or specifically upload the Municipal Highway (formerly Highway 67), Airport Road (formerly Highway 629), and the Kamiskotia Highway (formerly Highway 576). One group asked for the funding of a second bridge over the Grand River in Caledonia. Others asked for investment and improvement in roadways, particularly Highway 11.

Several organizations asked the Ministry to restore and provide permanent funding for transit and quickly implement the promised expansion of rapid transit.

## RECOMMENDATIONS

The Committee recommends that:

1. The government maintain its prudent and disciplined fiscal management to continue to improve public services and strengthen Ontario's economy while delivering a balanced budget.
2. The government continue to make key investments in municipalities, infrastructure, and public transit, increasing its level of support provided that the Province of Ontario has the fiscal capacity to do so.
3. The government continue strengthening our economy by continuing to make strategic investments in our workers and communities for the next generation of jobs.
4. The government continue to pressure the federal government to provide fairness to Ontario workers in Employment Insurance benefits and continue to urge the federal government to partner with this province in providing support to our manufacturing sector.
5. The government develop an adequate student transportation funding model as soon as possible, taking into account geographic factors and students with special needs.
6. The Minister of Finance commit in the 2008 Budget to forming a Heritage Protection Fund which would assist communities in designating and maintaining properties of significant provincial and national importance, such as Dickinson Square in Manotick, Sir John A. Macdonald's campaign headquarters and home of Moss Kent Dickinson, the founder of Manotick and a former mayor of Ottawa.

**APPENDIX A**

**WITNESSES AND SUBMISSIONS**



## WITNESSES AND SUBMISSIONS

Organization/Individual	Date of Appearance
Aboriginal Institutes' Consortium	31-Jan-08
ACTION Ontario	Written Submission
Addictions Ontario, Canadian Mental Health Association—Ontario, Centre for Addiction and Mental Health, Ontario Association of Patient Councils, Ontario Federation of Community Mental Health and Addictions Programs, and Ontario Peer Development Initiative	Written Submission
Advocacy Centre for Tenants Ontario	28-Jan-08
Alliance for Music Education Ontario	29-Jan-08
Alliance to End Homelessness in Ottawa	29-Jan-08
Alzheimer Society—Ontario	Written Submission
Ambroise, Mike	Written Submission
Architectural Conservancy of Ontario-Guelph and Wellington Branch	30-Jan-08
Association of Canadian Financial Officers	29-Jan-08
Association of Computer Animation Studios of Ontario	Written Submission
Association of International Automobile Manufacturers of Canada	28-Jan-08
Association of Municipalities of Ontario	30-Jan-08
Association of Ontario Health Centres	28-Jan-08
Association of Registered Graphic Designers of Ontario	Written Submission
Barrett Xplore	Written Submission
Batchewana First Nation	22-Jan-08
Blissymbolics Learning Centre	Written Submission
Bossence, Ruth	Written Submission
Brebner, Joan	Written Submission
Browne, Angela L.	Written Submission
Caledonia Citizens Alliance	21-Jan-08
Campaign 2000	21-Jan-08
Canadian Association of Accredited Mortgage Professionals	21-Jan-08
Canadian Association of Chain Drug Stores	Written Submission
Canadian Bankers Association	21-Jan-08
Canadian Cancer Society	Written Submission

<b>Organization/Individual</b>	<b>Date of Appearance</b>
Canadian Chemical Producers' Association	28-Jan-08
Canadian Federation of Independent Business	28-Jan-08
Canadian Federation of Students	21-Jan-08
Canadian Federation of University Women— Ontario Council	Written Submission
Canadian Hearing Society	Written Submission
Canadian Manufacturers and Exporters	21-Jan-08
Canadian MedicAlert Foundation	Written Submission
Canadian Parents for French	Written Submission
Canadian Pensioners Concerned Inc.—Ontario Division	Written Submission
Canadian Taxpayers Association	Written Submission
Canadian Taxpayers Federation	31-Jan-08
Canadian Union of Public Employees, Community Social Planning Council of Toronto, COSTI, Family Service Association, Labour Community Services, Ontario Council of Agencies Serving Immigrants (OCASI), Ontario Public Service Employees Union, St. Christopher House, St. Stephen's Community House, Toronto and York Region Labour Council, Toronto Neighbourhood Centres, Toronto Training Board, Working Women Community Centre, YWCA Toronto	Written Submission
Canadian Union of Public Employees (Ontario)	28-Jan-08
Catholic District School Board of Eastern Ontario	29-Jan-08
Cawker, Mr. and Mrs. W. Glen	Written Submission
Certified Management Accountants of Ontario	Written Submission
Chicken Farmers of Ontario	Written Submission
Church, Grant	30-Jan-08
Citizen Advocacy of Ottawa	29-Jan-08
Citizens with Disabilities – Ontario	Written Submission
City of London	31-Jan-08
City of Ottawa	29-Jan-08
City of Thunder Bay	24-Jan-08
City of Timmins	23-Jan-08
Coalition after Property Tax Reform	21-Jan-08
Coalition for a Liveable Sudbury	Written Submission
College of Physicians and Surgeons of Ontario	28-Jan-08
College Student Alliance	Written Submission
Colleges of Ontario	30-Jan-08

<b>Organization/Individual</b>	<b>Date of Appearance</b>
Colour of Poverty Campaign	Written Submission
Community Living Essex County	Written Submission
Community Living London	31-Jan-08
Community Living Tillsonburg	31-Jan-08
Community Living Toronto	Written Submission
Community Living Windsor	Written Submission
Community Roundtable on Poverty Reduction	Written Submission
Concerned Citizens of Brantford and Brant County	Written Submission
Cooperative Housing Federation of Canada— Ontario Region	28-Jan-08
Council of Academic Hospitals of Ontario	21-Jan-08
Council of Ontario Construction Associations	28-Jan-08
Council of Ontario Universities	28-Jan-08
Credit Union Central of Ontario	Written Submission
Dietitians of Canada	31-Jan-08
Dominion Construction Company Inc.	Written Submission
Dudzinski, Susan	Written Submission
Eastern Ontario Community Futures Development Corporation	29-Jan-08
Eastern Ontario Wardens' Caucus	29-Jan-08
Elementary Teachers' Federation of Ontario	Written Submission
Elementary Teachers' Federation of Ontario— Algoma Local	22-Jan-08
Elementary Teachers' Federation of Ontario— Limestone Local	29-Jan-08
Elementary Teachers' Federation of Ontario— Ontario North East Local	23-Jan-08
Elementary Teachers' Federation of Ontario— Thames Valley Local	31-Jan-08
Elementary Teachers' Federation of Ontario—York Region Local	Written Submission
Ensemble	Written Submission
Extendicare	Written Submission
Fair Deal for Our City Coalition	28-Jan-08
Family Service Ontario	Written Submission
Federation of Northern Ontario Municipalities	23-Jan-08
Federation of Rental-housing Providers of Ontario	28-Jan-08
Federation of the Sisters of St. Joseph of Canada	31-Jan-08
Federation of Urban Neighbourhoods	Written Submission

<b>Organization/Individual</b>	<b>Date of Appearance</b>
Ferraro, Sara J.	Written Submission
Fillmore, Charlie	Written Submission
First Nations Technical Institute	29-Jan-08
Friends of Captive Animals	31-Jan-08
Frontenac-Kingston Council on Aging	29-Jan-08
Garden River First Nation	22-Jan-08
Graham, Derek G.	Written Submission
Greater Kitchener-Waterloo Chamber of Commerce	30-Jan-08
Guelph and District Labour Council	30-Jan-08
Guelph Non-Profit Housing Corporation	30-Jan-08
Guelph-Wellington Coalition for Social Justice	30-Jan-08
Haldimand Federation of Agriculture	30-Jan-08
Haldimand House	Written Submission
Health Providers Against Poverty	Written Submission
Home Ownership Alternatives Non-Profit Corporation	Written Submission
Income Security Advocacy Centre	21-Jan-08
Interfaith Social Assistance Reform Coalition	30-Jan-08
John Schepers	30-Jan-08
Joint Community Care Access Centre/Service Providers Association Committee	Written Submission
Justice and Peace Commission—Anglican and Catholic Dioceses	29-Jan-08
Kinna-aweya Legal Clinic	24-Jan-08
Knowledge Ontario	28-Jan-08
Lacroix, Sylvain	23-Jan-08
Lakehead Public School	Written Submission
Lawry Precision Targets	Written Submission
London Chamber of Commerce	31-Jan-08
London Coalition of Adoptive Families	Written Submission
London District Catholic School Board	31-Jan-08
London Health Sciences Centre	Written Submission
London Health Sciences Centre/St. Joseph's Health Care, London	31-Jan-08
London Home Builders' Association	31-Jan-08
Maley, Shawn and Kristina	Written Submission

<b>Organization/Individual</b>	<b>Date of Appearance</b>
Mamaweswen, The North Shore Tribal Council— Education Unit	22-Jan-08
Mayor's Task Force on Poverty—City of Kingston	Written Submission
McGuire, Margaret	30-Jan-08
Mennonite Central Committee	Written Submission
Merck Frosst Canada Ltd.	Written Submission
Metro Toronto Chinese and Southeast Asian Legal Clinic	Written Submission
Migrant Worker Community Program	Written Submission
Milner, J.	Written Submission
Mississauga First Nation	22-Jan-08
Mount Hope Centre for Long Term Care	Written Submission
Multiple Sclerosis Society of Canada, Ontario Division	Written Submission
Municipality of Chatham-Kent	Written Submission
Municipality of Smooth Rock Falls	23-Jan-08
Mychoice.ca	21-Jan-08
N'Amerind Friendship Centre	31-Jan-08
Neuromodulation Coalition	Written Submission
North West Community Care Access Centre	Written Submission
Northern College	23-Jan-08
Northwestern Ontario Municipal Association	24-Jan-08
Northwestern Ontario Tourism Association/Kenora District Camp Owner's Association	24-Jan-08
Northwestern Ontario Women's Centre	24-Jan-08
Ontario Association of Certified Engineering Technicians and Technologists	Written Submission
Ontario Association of Children's Aid Societies	23-Jan-08
Ontario Association of Children's Rehabilitation Services	Written Submission
Ontario Association of Non-Profit Homes and Services for Seniors	Written Submission
Ontario Association of Optometrists	24-Jan-08
Ontario Association of Residences Treating Youth	Written Submission
Ontario Association of Social Workers	30-Jan-08
Ontario Bar Association	28-Jan-08
Ontario Catholic School Trustees' Association	Written Submission
Ontario Cattlemen's Association	30-Jan-08
Ontario Chamber of Commerce	Written Submission

Organization/Individual	Date of Appearance
Ontario Chiropractic Association	28-Jan-08
Ontario Coalition for Better Child Care	28-Jan-08
Ontario Coalition for Social Justice	28-Jan-08
Ontario Collaborative Group on Healthy Eating and Physical Activity Advocacy Sub-Committee	Written Submission
Ontario Confederation of University Faculty Associations	28-Jan-08
Ontario Convenience Stores Association	21-Jan-08
Ontario Disability Support Program (ODSP) Action Coalition	24-Jan-08
Ontario English Catholic Teachers Association	Written Submission
Ontario Federation of Indian Friendship Centres	Written Submission
Ontario Flue-Cured Tobacco Growers' Marketing Board	21-Jan-08
Ontario Forest Industries Association	23-Jan-08
Ontario Fruit and Vegetable Growers' Association	31-Jan-08
Ontario Home Builders Association	21-Jan-08
Ontario Hospital Association	28-Jan-08
Ontario Long-Term Care Association	21-Jan-08
Ontario Native Education Counselling Association	22-Jan-08
Ontario Non-Profit Housing Association	21-Jan-08
Ontario Nurses' Association	Written Submission
Ontario Propane Association	31-Jan-08
Ontario Public School Boards' Association	Written Submission
Ontario Public Service Employees Union	28-Jan-08
Ontario Restaurant Hotel & Motel Association	Written Submission
Ontario School Bus Association	23, 29, 30, 31-Jan-08
Ontario Secondary School Teachers' Federation	28-Jan-08
Ontario Secondary School Teachers' Federation—District 18	30-Jan-08
Ontario Secondary School Teachers' Federation—District 5B	24-Jan-08
Ontario Trucking Association	28-Jan-08
Ontario Undergraduate Student Alliance	Written Submission
Ontario Veterinary Medical Association	30-Jan-08
Ontario's Workforce Shortage Coalition	28-Jan-08
Onward Willow Better Beginnings Better Future	30-Jan-08
Ottawa-Carleton District School Board	Written Submission

<b>Organization/Individual</b>	<b>Date of Appearance</b>
People First Tillsonburg	31-Jan-08
People for a Better Ottawa	29-Jan-08
Persons United for Self-Help in Northwestern Ontario	Written Submission
Pic River Elementary School and Private High School	24-Jan-08
Pic River First Nation	22-Jan-08
Police Association of Ontario	31-Jan-08
Poverty Action Coalition of Timmins	23-Jan-08
Providence Care	29-Jan-08
Provincial Network on Developmental Services	Written Submission
Psychiatric Patient Advocate Office	Written Submission
Railway Association of Canada	29-Jan-08
Reena, Toby and Henry Battle Developmental Centre	28-Jan-08
Registered Nurses' Association of Ontario	28-Jan-08
Retail Council of Canada	21-Jan-08
Sandelli, Peter	Written Submission
Senior Peoples' Resources in North Toronto Inc.	Written Submission
Serpent River First Nation	23-Jan-08
Sinke Holdings	Written Submission
Six Nations of the Grand River	31-Jan-08
Smith, Paul	Written Submission
Social Issues Networking Group	29-Jan-08
St. Joseph's Continuing Care Centre	Written Submission
St. Joseph's Health Care	Written Submission
Student Association of St. Lawrence College—Kingston Campus	29-Jan-08
Student Union of Confederation College Inc.	24-Jan-08
Tayside Community Residential and Support Options	Written Submission
Thunder Bay and District Injured Workers Support Group	24-Jan-08
Thunder Bay District Social Services Administration Board	24-Jan-08
Thunder Bay Economic Justice Committee	24-Jan-08
Thunder Bay Health Care Coalition	24-Jan-08
Thunder Bay Public Library Board	24-Jan-08
Timmins and District Hospital	23-Jan-08

Organization/Individual	Date of Appearance
Timmins Chamber of Commerce	23-Jan-08
Toronto and York Region Labour Council	21-Jan-08
Township of Lanark Highlands/Lanark County	29-Jan-08
Township of Leeds and the Thousand Islands	29-Jan-08
Township of Moonbeam	23-Jan-08
Township of Opatatika	23-Jan-08
Trains of the Grand River	Written Submission
United Steelworkers of America, Local 1-2995	23-Jan-08
United Way of Guelph and Wellington/Social Planning Council of Cambridge and North Dumfries	30-Jan-08
United Way of London and Middlesex	31-Jan-08
United Way of Sault Ste. Marie	22-Jan-08
University of Guelph	30-Jan-08
Waterloo Catholic District School Board	30-Jan-08
Wellesley Institute	21-Jan-08
Wellington Water Watchers	30-Jan-08
Windsor University Faculty Association	Written Submission
Women's House Serving Bruce and Grey	Written Submission
Woolley, Patrick; Woolley, Josefina; and Woolley, Edward	30-Jan-08
25 in 5—Network for Poverty Reduction	21-Jan-08



**APPENDIX B**

**DISSENTING OPINION OF THE  
PROGRESSIVE CONSERVATIVE MEMBERS OF THE COMMITTEE**

*Standing Committee on Finance and Economic Affairs*

**Once the Economic Engine of Canada,  
Now the Caboose:  
Are Dalton McGuinty's Harmful Economic Policies Driving  
Ontario to Have-Not Status?**

2008 Pre-Budget Consultation  
Progressive Conservative Official Opposition  
Dissenting Report

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## **Executive Summary**

Since the 2004 Dissenting Report the Official Opposition has warned the Liberal government of the long-term impact their reckless fiscal policies would have on the provincial economy and the standard of living for all Ontarians:

“The fiscal agenda of this government is one that will eliminate Ontario’s competitive advantage, and one that will drive business investment and jobs into neighbouring jurisdictions that offer lower tax rates and a more attractive business environment.”

“The tax system being created by the Liberal government will create a significant barrier to investments, and erode our ability to improve productivity and adopt new technologies. Rather than adopting policies that create a competitive advantage, the Liberal government is pursuing tax policies that create disincentives for investment.”

“The Liberal government will argue that higher taxes help pay for some important public services, but the inevitable loss of jobs and investment will far outweigh any short-term advantage gained through these reckless tax policies.”<sup>1</sup>

Now it is increasingly clear, the misguided economic policies have taken their toll and completely eroded Ontario’s once competitive position. This year during the Standing Committee on Finance and Economic Affairs hearings, the Committee was made aware that Ontario, once the economic engine of Canada, has become under Dalton McGuinty one of the slowest growing provinces in the country. Ontario’s growth in 2007 was the slowest in the Canada, for the first time since the 1991 recession, and four out of five major banks rank Ontario 9<sup>th</sup> out of ten provinces in terms of economic growth for 2008. Ontario under Dalton McGuinty is lagging behind.

The Official Opposition is extremely concerned about the present state of the Ontario economy and encourages the McGuinty Liberals to immediately take the following steps to restore Ontario’s position as Canada’s economic leader:

- Reduce the tax burden on business and new business investment;
- Fully eliminate capital taxes in Ontario now;
- Reduce taxes on small business;
- Start a serious push to address the very real concerns about the future energy supply in Ontario, and uncompetitive prices versus competing jurisdictions.
- Fix the roads, bridges and waterways on which our trade depends, and eliminate once and for all the ballooning infrastructure deficit.

This Official Opposition Dissenting Report will continue to make the case for these policy prescriptions in the hope that the Minister of Finance will be convinced to implement some or all of these ideas. If not, we hope that the motions contained herein will inform a John Tory PC Government that will be forced to grapple with runaway Liberal spending, manufacturing job losses and among the highest tax regimes in North America.

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<sup>1</sup> *‘Maintaining the Ontario Advantage’, 2004 Official Opposition Pre-Budget Dissenting Report*

## **Are McGuinty's Harmful Policies Driving Ontario to Have-Not Status?**

According to Don Drummond, chief economist of TD Bank Financial Group, Ontario's sub-par economic performance brings it closer to federal-handout status. "It's not so far from being an equalization province," he says.

Canada finds itself in a period of global economic uncertainty. The combination of a stronger Canadian currency, a slowing U.S. economy, higher energy prices and increased competition from emerging markets have posed significant challenges to many sectors of the national economy. However, the impact on the Ontario economy, particularly the manufacturing sector, has been acute.

While other provinces have adapted to these challenges through forward looking economic policies, the McGuinty Government has pursued an outdated agenda of higher taxes, bigger government and higher energy prices through reduced supply. Sadly, Ontario's economic performance is in direct contrast to national trends generally. Put simply, Dalton McGuinty's Ontario has become the economic laggard of Confederation.

### **National trends:**

- Second longest period of economic expansion in Canadian history
- Business investment in Canada has expanded for a twelfth consecutive year
- Canadian unemployment rate is the lowest in years

### **Ontario trends:**

- Share of national nominal GDP has shrunk from 41.4% in 2002 to 38.6% in 2006
- Economic growth last in Canada in 2007 and below the national average since 2005
- Unemployment rate above the national average in 2007 for the first time ever
- Talented and skilled workers leaving in record numbers
- More single beneficiaries of welfare

The shortsighted and outdated economic policies of the McGuinty Government have made Ontario very susceptible to international trends. In short, the misguided economic policies of the McGuinty Government have weakened our ability to adapt.

While other provinces are seeking to become more competitive, by reducing their tax and regulatory burden, Dalton McGuinty's Government has taken Ontario in the opposite direction. The McGuinty Government has substantially increased taxes to fuel runaway spending, sharply increased red tape and the size of government and has failed to secure a reliable, affordable energy supply to attract the business investment necessary to strengthen our economy.

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The Official Opposition is extremely concerned that the McGuinty Government's misguided economic policies are driving Ontario to have-not status. It is imperative that the government focuses on initiatives that improve Ontario's competitive advantage and provide greater economic opportunities for families and young people.

## **Is Dalton McGuinty's Ontario the Economic Laggard of Confederation?**

Ontario has always been the envy of the country—the engine that drove the national economy. Under the McGuinty Government, Ontario has become one of the consistently slowest growing provinces in Canada and has reported growth below the national average since 2005—the **longest string of underperformance in three decades**. Ontario's growth in 2007 was the slowest in the country, for the first time since the 1991 recession. Four out of five major banks rank Ontario 9<sup>th</sup> out of ten provinces in terms of economic growth for 2008

**Manufacturing Jobs:** Ontario has lost 163,800 high-paying manufacturing jobs since January 2005. Manufacturing employment in Ontario dropped by 64,000 or 6.5% in 2007 alone. The drop occurred primarily in motor vehicles; fabricated metal; and woods products manufacturing.<sup>2</sup>

**Unemployment:** For the first time in 30 years, Ontario's unemployment rate exceeded the national average, rising to 6.5% in December 2007 (0.6 percentage points above the median). All five major banks predict that Ontario's unemployment rate will continue to rise across both 2008 and 2009, some say as high as 6.9%.

**Out-migration:** Ontario reported a net loss of over 36,000 people to other provinces in 2007 with a record loss of 14,720 people in the third quarter alone—the **biggest out-migration in Ontario's history**. Since 2003 Ontario has lost a total of 71,804 people to other provinces and recorded consistently negative net inter-provincial migration. During the preceding four years of PC government, Ontario gained a net 46,983 people from other provinces.<sup>3</sup>

Warren Jestin, Chief Economist at Scotiabank, told Ontario's Finance Committee, "Ontario will be, at best, flat, and probably on a negative trend with respect to inter-provincial migration."

**Housing Starts:** The number of housing starts in Ontario is an important gauge of economic performance and consumer confidence. Housing starts are projected to plummet in 2008 to 62,000 annually, down from a peak of over 91,000 annually in the first quarter of 2003.<sup>4</sup> Housing starts in Ontario have declined consistently since 2003. According to the most recent provincial outlook from RBC, housing starts in Ontario declined by 7.2% in 2007 and are expected to decline a further 2.6% and 9.2% in 2008 and 2009, respectively.<sup>5</sup>

**Personal Disposable Income:** Disposable incomes in Ontario are growing among the slowest in the country and will again trail the national average at 4.5% in 2008.<sup>6</sup>

**Welfare:** The number of single employable beneficiaries of welfare is currently 102,748, up 10,180—an 11% increase—since September 2003.<sup>7</sup>

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<sup>2</sup> Statistics Canada, *Labour Force Survey*, February 2008.

<sup>3</sup> Statistics Canada, CANSIM, table 051-0018.

<sup>4</sup> Scotiabank Group, *Provincial Forecast Update*, February 8, 2008.

<sup>5</sup> RBC, *Provincial Outlook*, February 2008.

<sup>6</sup> Conference Board of Canada, *Provincial Outlook Autumn 2007*.

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These trends are very disconcerting and further evidence of the need for a shift in the government's approach to the economy. Unfortunately, the concerns expressed by the Official Opposition and supported by many who presented to the Finance Committee went unheeded by the McGuinty Government. The McGuinty Government's punishing tax hikes, erratic energy policy and runaway spending have taken a toll on the Ontario economy.

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<sup>7</sup> Ministry of Community and Social Services, *Ontario Social Assistance Quarterly Statistical Report*, December 2007.



## **Where Have All the Good Jobs Gone?**

Since October 2003 the Ontario economy has gained approximately 400,000 net new jobs. Over half the new jobs created since October 2003 however have been in the public sector (225,000 to be precise), and double the mere 112,100 private sector jobs created. During the same period the Ontario economy created 69,600 self-employed jobs.<sup>8</sup>

Government jobs themselves do not create wealth. They are simply a redistribution of income by taxing private sector business and individuals. They are jobs sustained by tax dollars—every new public sector job creates equal demand for more tax dollars. The real test of an economy's performance is private sector job creation, which has been considerably lacking.

From the beginning of 2004 to the end of 2007, Ontario added an average of 50,950 public sector jobs per year and a mere 11,425 new private sector jobs per year. This represents an approximate 4.8% annual increase in government jobs and less than a 1% annual increase in private sector employment.

Across the eight years of PC government from 1996 to 2003, private sector jobs expanded by an average of 109,000 per year, while government jobs grew by an average of 6,000 per year; all this in a much smaller economy.

Whereas the total number of jobs in Ontario has increased by 6.6% since October 2003, provinces out west have created jobs at a greater rate. The total number of jobs in Alberta and B.C. in the same period has increased by 15% and 13%, respectively; more than double the rate of growth in Ontario. Since October 2003, Ontario is the only province in Canada to create more public sector jobs than private sector jobs.

- In B.C. the number of private sector jobs increased by 70% versus a 20% increase in the number of public sector jobs.
- In Alberta the number of private sector jobs increased by 59% versus a 30% increase in the number of public sector jobs.
- In Quebec the number of private sector jobs increased by 55% versus a 20% increase in public sector jobs.<sup>9</sup>

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<sup>8</sup> Statistics Canada, CANSIM, table 282-0089.

<sup>9</sup> Statistics Canada, CANSIM, table 282-0089.

## **The Least Competitive Tax Structure in Canada**

A competitive tax environment is one of the key factors that will attract the scale and quality of business investment that Ontario requires. Today, thanks to the McGuinty Government's misguided tax hikes, Ontario has the least competitive business tax structure in all of Canada and one of the highest marginal tax burdens on business investment in the world.

The McGuinty Government has raked in unprecedented revenue from taxes. Tax revenues have skyrocketed by \$17.3 billion since the fiscal year 2003-04—a 35% increase in taxation revenue in a single mandate. In fact, one of this Liberal government's very first bills in the Legislature was the biggest tax hike in the history of Ontario. Despite campaign promises to the contrary, Dalton McGuinty hiked taxes on the backs of working families, hiked taxes on the backs of seniors, hiked taxes on the backs of businesses.

Clearly this government does not understand that its fiscal and tax policies have hurt capital investment and, therefore, harmed Ontario's productivity. Taxes have a dramatic impact on where businesses choose to locate. A 40 percent difference between Alberta's effective tax rate on the cost of doing business and that of Ontario, explains why we see roughly 12% more firms operating in Alberta.<sup>10</sup> If the trend of increasing taxes continues, Ontario's marginal effective tax rate (the overall tax rate on new business investment) will be 36% in 2012, whereas Quebec will have a rate of 18.8%.

Several groups appearing before the Standing Committee on Finance and Economic Affairs called on the Ontario government to reduce the tax burden on both businesses and individuals. The Official Opposition strongly recommends that the McGuinty Government reduce the tax burden in order to make Ontario more competitive.<sup>11</sup>

According to the C.D. Howe Institute, "Tax rate reductions encourage greater work effort, investment and risk-taking without governments putting themselves in the position of picking winners from losers, a task at which they rarely succeed."<sup>12</sup>

### ***Job Killing Capital Tax***

Modern economic studies consistently show that capital taxes are among the most inefficient forms of taxation. The capital tax is a direct tax, paid year after year, on the money that companies have invested in their capital and it is a tax that must be paid regardless of whether the company makes any profit. Few jurisdictions use this tax and most of our competitors do not have a significant or any capital tax—so it has put Ontario at a particular disadvantage.

Economists rightly complain that capital taxes are punitive to investment in a context where increasing our productivity remains the single most significant challenge facing our economy.<sup>13</sup>

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<sup>10</sup> Beaulieu, E., K.J. McKenzie and J-F Wen, "Do Taxes Matter for Firm Location? Evidence from Canadian Provinces," 2004.

<sup>11</sup> Coalition after property tax reform; Canadian Tax Payers' Federation; Railway Association of Canada; Retail Council of Canada.

<sup>12</sup> C.D. Howe Institute, *Federal and Provincial Tax Reform: Let's get back on track*, July 2007.

<sup>13</sup> TD Economics Special Report, *Capital Taxes in Canada*, June 27, 2007.

The capital tax discourages investment, when it is clear that we should strive to encourage more capital investment.

*What the experts say:*

“Like all business taxes, capital taxes tend to reduce investment by raising the required rate of return on incremental investment. But whereas the investment risk is shared between firms and government under a corporate income tax, capital taxes are due even when investments are not profitable, which makes them all the more damaging to investment.”<sup>14</sup>

According to Statistics Canada, “investment in capital...was the most important factor in the growth in labour productivity in the business sector during the past four decades.”<sup>15</sup>

“The sooner they eliminate all capital taxes, the more attractive they will be to domestic and foreign investors, equipping themselves to face the productivity challenges to help grow their economies and standard of living. Given the current momentum, in an era of world-wide integrated and open capital markets, maintaining such barriers to investment will become untenable sooner than later.”<sup>16</sup>

In periods of economic slowdown when businesses are losing money and have to search for ways to cut costs, the capital tax forces them to cut in areas where they have flexibility, which is chiefly wages. Therefore, the capital tax leads to greater job losses in economic downturns.

In 2003 the PC Budget proposed to eliminate the capital tax along the schedule of the Federal government by January 1, 2008. The Federal government actually eliminated its capital tax in 2006, two years ahead of schedule, and proposed incentives in its 2007 Budget to encourage provinces to do the same.

*McGuinty Government Hiked Capital Taxes Harming Future Investment:*

Ontario was on track to eliminate the job killing capital tax, until the Liberal government reversed the trend and postponed any capital tax reductions indefinitely. After considerable public pressure from business groups as well as John Tory and the Official Opposition, the McGuinty Government implicitly recognized their error and finally announced in its 2007 Budget measures to eliminate the corporate capital tax for all businesses by July 1, 2010, more than two years behind the original schedule.

The Official Opposition calls on the Liberal government to accelerate plans announced in the Fall Economic Statement and eliminate the capital tax for all businesses immediately.

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<sup>14</sup> TD Economics Special Report, *Capital Taxes in Canada*, June 27, 2007.

<sup>15</sup> John R. Baldwin, J. R. and Gu, W. “Investment and Long-term Productivity Growth in the Canadian Business Sector, 1961 to 2002,” *The Canadian Productivity Review*, Statistics Canada, June 2007.

<sup>16</sup> TD Economics Special Report, *Capital Taxes in Canada*, June 27, 2007.

### ***High Business Taxes***

Even after the capital tax is finally eliminated in 2010, Ontario will still continue to have the highest effective tax rate on capital (33.5 percent). This unfortunate distinction will be a result of a high provincial corporate income tax rate (14 percent) and high retail sales taxes on capital inputs.<sup>17</sup>

In the 2001 Budget, the PC government introduced measures to lower the corporate income tax rate for all businesses to 8% by 2005. Again, in contrast to competing jurisdictions, the McGuinty Government reversed this trend and increased business income taxes.

The Liberal government's so-called *Fiscal Responsibility Act, 2003*:

- eliminated the corporate tax reduction schedule announced in the 2001 Budget
- increased Ontario's corporate income tax rate significantly to 14%
- froze the Small Business Income Tax Rate at 5.5% and cancelled the scheduled rate reduction to 4%.

In contrast:

- Alberta has decreased its rates from 12.5% to 10%;
- Saskatchewan—led by an NDP government—decreased its rate from 17% to 13%.
- In its 2008 Budget the B.C. Liberal government announced further cuts to the provincial corporate income tax rate reducing it to 11% on July 1, and then to 10% by 2011.

Governments reduce taxes on business to attract investment so that we can create high-paying jobs and strengthen our competitive edge internationally. The Federal corporate income tax rate will drop 14% by 2012. This will make Canada's corporate income tax rate the lowest among developed countries and create a significant tax advantage over the U.S.

The Official Opposition calls on this government to reduce the tax burden on business and lower the corporate income tax rate to a level competitive with competing jurisdictions in Canada and the U.S.

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<sup>17</sup> C.D. Howe Institute, *Federal and Provincial Tax Reform: Let's get back on track*, July 2007.

## Manufacturing Crisis

Manufacturing is at the heart of Ontario's economy, nearly 19% of total economic output. Manufacturers create spin-off jobs with suppliers that provide services to manufacturers and to their workers. Manufacturing jobs tend to pay more, and have more generous benefits, than jobs in other sectors.

While Premier McGuinty has called Ontario's manufacturing job losses a "minor contraction," the reality is Ontario's manufacturing sector is in crisis. Since 2005 Ontario has lost 163,800 high-paying manufacturing jobs, 64,000 manufacturing jobs in 2007 alone. Compared to other provinces Ontario has suffered the greatest loss of manufacturing jobs, in real terms and percent of manufacturing employment.



According to the CIBC a further 200,000 manufacturing jobs remain at risk in Central Canada, with the industry's share of total employment header ever lower.<sup>18</sup> For illustrative purposes, if the proportion of jobs in Ontario and Quebec matched the 10% manufacturing job share by 2012 (and assuming a moderate rate of 1-1.5% annual average gains in overall employment), Ontario and Quebec would experience further job losses of 250,000 and 100,000 over the next half decade.<sup>19</sup>

According to TD Bank, the single biggest weakness in Canadian manufacturing relative to the U.S. is under-investment in machinery and equipment.<sup>20</sup> Annual capital expenditure on machinery and equipment in Ontario's manufacturing sector has decreased since 2003. It decreased by 3% in 2007 alone to \$8.1 billion from \$8.2 billion in 2006. Were it not for PEI, Ontario would be the only province in Canada where this kind of investment declined in 2007.<sup>21</sup>

The government has a role to play in supporting manufacturers as they adjust to new realities. Actions that increase support for investment, training and border infrastructure would help soften the blow, while reducing ongoing trade barriers between provinces should be top priorities.<sup>22</sup> "There is no quick fix," says the TD Bank, "and ill-thought-out programs could provide few benefits while coming at significant cost to the treasury,"<sup>23</sup>

<sup>18</sup> *Provincial Forecast*, October 2007.

<sup>19</sup> <sup>19</sup> TD Economics Special Report, *Ontario and Quebec's Manufacturing Woes: Much more to the story than just the high C\$*, February 13, 2008.

<sup>20</sup> TD Economics Special Report, *Ontario and Quebec's Manufacturing Woes: Much more to the story than just the high C\$*, February 13, 2008.

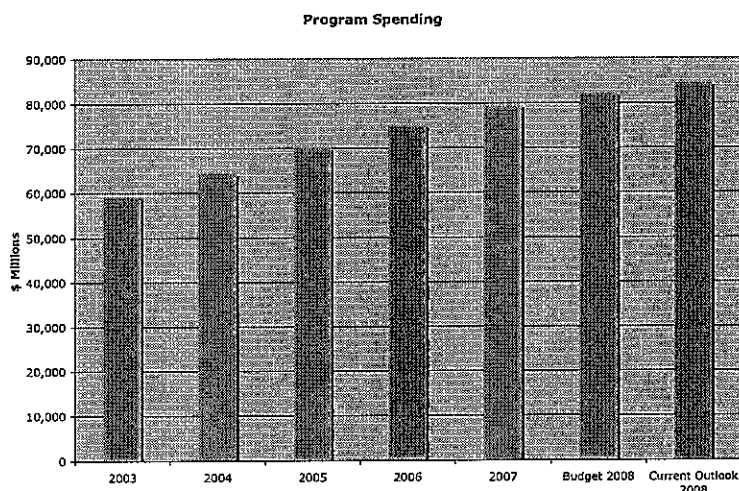
<sup>21</sup> Statistics Canada, CANSIM, table 029-0005.

<sup>22</sup> TD Economics Special Report, *Ontario and Quebec's Manufacturing Woes: Much more to the story than just the high C\$*, February 13, 2008.

<sup>23</sup> TD Economics Special Report, *Ontario and Quebec's Manufacturing Woes: Much more to the story than just the high C\$*, February 13, 2008.

## McGuinty's Manic Spending

The Official Opposition remains extremely concerned with the runaway spending of the McGuinty government. From Confederation to 2003—that's 136 years—provincial government spending rose to \$68 billion annually. Under the Liberal government total spending has skyrocketed, to \$93.4 billion in the current outlook from \$68.5 billion in the last full year of PC government. That is a 24% increase in spending in just four years totaling \$24.9 billion, and averaging \$4.1 billion annually. This level of government spending growth is irresponsible. And it is harmful to the economy.



Total program spending has increased by \$25.5 billion or 43% since 2003. While program spending has grown 7.4% per year, the economy has grown at a much slower rate. GDP has grown by only 4.1% annually and inflation by only 1.8% annually. This rate of spending growth is completely unsustainable. The long-term result will be a level of spending that forces the province into more deficit and debt for years to come.

The simple reality is that this government has a serious spending problem. The Liberal government has already added \$10.4 billion to the net provincial debt. That is over \$800 of new debt for every person living in Ontario and represents a significant mortgage on our future prosperity.

It is shocking that this government could add so much to the provincial debt in so little time considering the staggering tax revenues generated in recent years by the McGuinty government's several tax hikes. Government revenues have skyrocketed by \$25.5 billion—a shocking 37%—to \$94.1 billion in the current outlook from \$68.6 billion in 2003.

As Ontario struggles against the challenges of growing global economic uncertainty it is more important than ever that this government gets its fiscal house in order. As Expenditures tend to outpace projections after the fact, reining in expenditure growth over this trough in the economic cycle will be particularly challenging.<sup>24</sup> Prudent fiscal management and careful spending are imperative. It is time to start spending responsibly. It is time to make some tough decisions because this level of spending growth is simply unsustainable and will only hurt Ontario's economy further.

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<sup>24</sup> TD Economics, *Ontario Fiscal Update*, December 14, 2007.

## **Ontario's Infrastructure Deficit**

The 'infrastructure deficit' in the province has ballooned since 2003. In the 2007 budget, the McGuinty government pledged to spend \$5.9 billion on infrastructure; barely making a dent. Dated water systems, power supply insecurity and gridlock are three of the most glaring examples of the cracks in the foundation of Ontario's infrastructure. In four years, Liberal investments in public infrastructure have been wholly inadequate, paying lip service to issues of critical concern with ad hoc and politically convenient policies.

After neglecting Northern infrastructure needs for the first three years of their mandate, the Liberals tried to compensate by establishing a one-time only \$70 million dollar refurbishment program, the Rural Infrastructure Investment Initiative. While a good start, this money does not make up for three years of inaction on rural infrastructure concerns. Perhaps the most telling statistic concerns fuel taxes; the McGuinty government took in more money in fuel taxes than it dispensed for road improvements and new public transit funding. Perhaps that's why long-standing transit projects, like completing Highway 407, remain unfinished.

Dalton McGuinty claims he will spend \$17.5 billion for his transportation plan, MoveOntario 2020, but makes no effort to show how he will pay for this. No new money flows before 2011 according to this creative accounting, and even then it's only \$50 million. In his platform, Dalton McGuinty buried transportation spending within the "Other Programs" category. This is an \$11 billion envelope that only grows by \$800 million over four years and includes \$235 million of new spending that is already assigned to areas outside of transportation.

"There are a lot of things we could be doing at the provincial level to underpin domestic performance. What I would hope you would focus on are initiatives that improve our competitive advantage... physical infrastructure-the roads, the transportation system that we need to put in place to make us competitive globally," Warren Jestin, chief economist at Scotiabank told the Finance Committee.

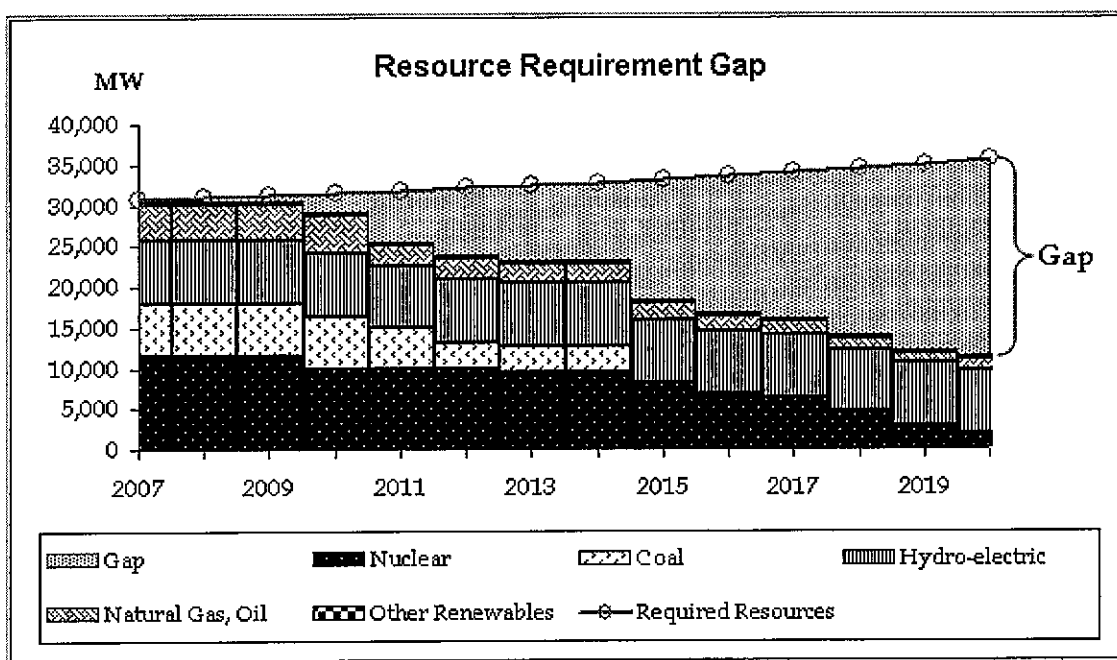
It's time to build Ontario again. It has been too easy for governments to put off creating new infrastructure and maintaining existing stock, diverting the money to other spending. The result is clear across Ontario: we see our infrastructure deficit in every crumbling bridge, every over-crowded transit system, and every highway stopped dead in rush-hour gridlock. In many communities, gridlock is getting worse. It costs jobs and productivity.

The Official Opposition submitted several motions to address the growing infrastructure deficit in Ontario. It is regrettable that the Liberal dominated Finance Committee rejected each of these recommendations that would help rebuilt Ontario's crumbling economy.

## Looming Energy Crisis

In order to compete in the international marketplace, Ontario must have an affordable, competitive and reliable energy supply. In a 2002 media conference, Dalton McGuinty promised to close Ontario's coal plants by 2007. Today he promises to do so by 2015 yet offers no plan to replace the energy supply generated by these plants.

Ontario's Integrated Power System Plan forecasts that peak demand for electricity will be close to 29,000 MW within ten years and will reach 33,677 MW by 2027. Current peak capacity within the province is between 26,000 and 28,000 MW. The plants providing much of that power, however, need to be refurbished or replaced over the next 20 years. The single largest source of power – the nuclear fleet – is facing the end of its expected useful life. Meeting the commitment to remove coal-fired plants from service will reduce supply further. In the following chart, which comes from the IPSP, the distance between the "required resources" line and the stacked bars shows the looming gap between demand and supply<sup>25</sup>:



The McGuinty government has no real plan to address this looming crisis and has done nothing to secure adequate supply of energy for Ontario businesses and individuals.

The Finance Committee heard from several organizations that high energy prices and uncertainty in future supply are making it difficult for our businesses to compete for investment. According to the Ontario Forest Industries Association, our electricity supply is not affordable or competitive. High prices have forced forest product companies to curtail production, shut down mills, and lay off people. Ontario's electricity prices continue to rank near the top of the list of competing jurisdictions.

<sup>25</sup> *The Report of the Agency Review Panel on Phase II of its Review of Ontario's Provincially-Owned Electricity Agencies*, November 2007.



## **Conclusion**

This Official Opposition Dissenting Report has addressed several concerns facing Ontario's economy today. Once the economic engine of Canada, Ontario is today under Dalton McGuinty one of the slowest growing provinces in the country. Since 2005 Ontario has lost 163,800 manufacturing jobs and talented workers have left the province in record number. The misguided economic policies of the McGuinty government are driving Ontario toward have-not status and it is now increasingly possible that Ontario will soon become an equalization province.

Sadly, Ontario has been continually falling behind under the stewardship of the McGuinty Liberals. Action must be taken to improve Ontario's competitiveness through smarter and less onerous taxation, reduced red tape and more strategic investments to stimulate economic growth. The Official Opposition submitted several motions to address these competitiveness issues—such as the immediate elimination of the capital tax, phasing out the health tax—however, the Liberal-dominated Standing Committee had no enthusiasm for a reduction of North America's heaviest tax burden and voted each of them down.

John Tory and the Official Opposition are extremely concerned about the present state of the Ontario economy and encourage the McGuinty Liberals to immediately take the following steps to restore Ontario's position as Canada's economic leader:

- Reduce the tax burden on business and new business investment;
- Fully eliminate capital taxes in Ontario now;
- Reduce taxes on small business;
- Start a serious push to address the very real concerns about the future energy supply in Ontario, and uncompetitive prices versus competing jurisdictions.
- Fix the roads, bridges and waterways on which our trade depends, and eliminate once and for all the ballooning infrastructure deficit.

Slower growth means fewer economic opportunities for hardworking Ontarians and their families. A slower growing economy also means less tax revenue for government to fund badly needed social services like health care and education. It is imperative that the government take initiative to reverse the current economic trends in Ontario.

This year's Budget provides yet another opportunity for the government to reduce taxes, invest wisely and improve Ontario's competitiveness to reverse the worrisome trend. For years this government has been in a position to cut taxes. Instead it has used large surpluses nearly equivalent to the revenue generated by the unfair and regressive health tax to fuel year-end spending sprees. Now is the time for a different approach.

## **APPENDIX I: 2008 PC Motions**

### **Corporate Tax FAILED**

Whereas Ontario has the least competitive tax structure in Canada; and

Whereas Ontario has one of the highest marginal tax burdens on business investment in the world; and

Whereas all other provinces in Canada are moving towards cutting business taxes in order to stimulate investment and job creation.

The Standing Committee of Finance and Economic Affairs recommends that the Minister of Finance lower the corporate income tax rate for all businesses in Ontario to foster investment.

### **Capital Tax FAILED**

Whereas capital taxes are among the most inefficient forms of taxation; and

Whereas few jurisdictions employ capital tax, putting Ontario at a particular disadvantage; and

Whereas the capital tax discourages investment and is shouldered by individuals through higher prices for goods and services, lower wages, and reduced rates of return on savings and investments;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance eliminate the job-killing capital tax immediately.

### **Forest Industry FAILED**

Whereas the Ontario forest industry is in crisis; and

Whereas Ontario has lost nearly 5500 high paying forestry jobs since 2002 and more jobs are at risk every day; and

Whereas burdensome, business-killing red tape is delaying the transformation of the industry by unnecessarily driving up delivered wood costs and mill operating costs; and

Whereas the time lost and uncertainty in the process drives investment elsewhere;

The Standing Committee on Finance recommends that the Government takes immediate action to reduce the red tape burden faced by the forestry sector to ensure the forestry sector regains lost competitiveness, including a secure energy supply that is reliable and competitive priced.

### **So-Called Health Tax FAILED**

Whereas the so-called health tax was unnecessary and does not flow to health care but to the Ontario Treasury; and

Whereas it is simply fueling runaway and wasteful spending in other areas;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance incorporate into the 2008-09 budget a responsible plan to phase out the regressive, middle-class McGuinty Liberal health tax.

### **Property Tax Assessments FAILED**

Whereas in the 2005 property assessment year, 400,000 properties faced assessment increases of over 20%; and

Whereas after the three year freeze on property assessments, Ontario homeowners will be hit by three years of property assessments all at once including a wide range of assessment increases this fall;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance cap property assessments at five per cent per year, as long as home ownership is maintained or transferred to a spouse.

### **Clean-Coal Technology FAILED**

Whereas the McGuinty Government made the irresponsible decision to shut down coal-fired generation in Ontario without a plan for an adequate supply of affordable and reliable energy to replace it; and

Whereas not a single action has been taken to improve the quality of air Ontarians breathe by installing readily available technologies to clean up the emissions from these coal plants; and

Whereas that 2014 is the new target for coal shutdown, and there is strong doubt whether that date is even achievable or advisable;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance and the Ontario Government move immediately to install the most advanced clean-coal technologies on Ontario's four coal plants and take meaningful, achievable action to improve air quality in Ontario. Further, the Official Opposition recommends that a study should be undertaken on the suitability of the province's four coal plants for carbon sequestration, and if found to be feasible these technologies should be pursued with earnest.

**Municipal Bridges: (Strandherd-Armstrong Bridge) FAILED**

Whereas the fast-growing community of Barrhaven and Riverside South is in need for infrastructure improvements for new roads, and bridges; and

Whereas the Federal government and the City of Ottawa has committed funding to build the Strandherd-Armstrong bridge; and

Whereas the city of Ottawa is asking for all three levels of government to commit to funding this \$105-million project; and

Whereas the Strandherd-Armstrong Bridge will link two communities which are so very close but are separated by the mighty Rideau River; and

Whereas other growth and rural communities throughout Ontario are also in dire need of provincial funding assistance to support building new roads and bridges;

The Standing Committee on Finance and Economic Affairs recommends the Minister of Finance, within total planned program spending, commit in the 2008 Budget that the construction of new municipal bridges, such as the proposed Strandherd-Armstrong Bridge in the City of Ottawa, receives at least one-third construction funding from the provincial government.

**Debt Reduction FAILED**

Whereas the Ontario government's \$162.9 billion debt consumes \$9 billion per year in interest payments; and

Whereas this \$9 billion could, if not required for interest payments, be invested in Ontarians' priorities or returned to taxpayers; and

Whereas future generations should not be burdened with unaffordable debt;

Whereas debt should be reduced steadily and predictably;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance commit one percent of total provincial revenue toward debt reduction every year, beginning in 2009-2010.

**Municipal Infrastructure FAILED**

Whereas roads and bridges are the all-important links between communities across Ontario; and

Whereas municipalities across Ontario are struggling with the high costs of maintaining their roads and bridges; and

Whereas the economic vitality of Ontario depends on the safe and efficient movement of people and goods;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance provide an ongoing funding arrangement to municipalities for roads, bridges and other infrastructure projects, providing long-term predictability and merit-based funding.

**APPENDIX C**

**DISSENTING OPINION OF THE  
NEW DEMOCRATIC PARTY MEMBER OF THE COMMITTEE**

# **The Dissenting Opinion of the NDP Pre-Budget Finance Committee**

**Recommendations and  
Supporting Arguments**

**For the Finance Minister  
On Pre-Budget Consultations**

**2008**

**Submitted to the  
Standing Committee on  
Finance and Economic Affairs**

March 5, 2008

# **NDP Dissenting Report**

## **Introduction**

The NDP was impressed with the extraordinary quality of the submissions to the Finance Committee's pre-budget deliberations.

However, the response of the government members on the Committee to the impressive range of submissions and presentations was, quite frankly, disappointing. With well over a thousand detailed and thoughtful recommendations to draw from, the government members could only come up with four, empty and self-congratulatory motions to present to committee in its report writing session.

In the NDP's opinion, this is unacceptable and demonstrates a real disregard for the considerable effort and hard work that went into producing and presenting the submissions.

It is also our opinion that the government members meagre contribution to the report writing process and unwillingness to support opposition motions also served to undermine the quality of the final report. In our opinion, the Finance Committee has an obligation to pass on to the Finance Minister the best and most thoughtful recommendations that are presented to it, and that clearly was not the case in the Finance Committee's 2008-9 pre-budget recommendations.

## **Main Recommendations**

### **1. Investing in our manufacturing and resource communities**

In its motions to the Committee, the NDP proposed to reverse four years of misguided McGuinty economic policy with an ambitious but doable, three-part jobs stimulus package consisting of: 1) a manufacturing investment tax credit; 2) the immediate investment of \$350 million in federal funds in vulnerable communities; and 3) an aggressive "Buy Ontario" program.

This program was defeated by the Liberal majority on Committee.

Since June 2004, almost 200,000 Ontarians in the manufacturing sector have lost their jobs. And that doesn't include the almost 10,000 direct jobs lost in forestry that have decimated many Northern Ontario resource communities.



Since Dalton McGuinty came to power – Ontario has lost more than 15% of its high-paying manufacturing jobs – that's \$6.6 billion in wages out of Ontario's economy.

For the past four years, the NDP has been sounding the alarm over the crisis in our manufacturing and resource communities and putting forward such constructive solutions as a Jobs Protection Commissioner, an industrial hydro rate and tougher plant closure legislation.

These are good ideas and the NDP will continue to fight to make them a reality. Unfortunately, the McGuinty members of the committee rejected them all

The numbers behind the jobs crisis in Ontario's manufacturing and resource sectors are as follows:

- Under Dalton McGuinty's watch, 10,000 forest sector jobs worth \$869 million to the Ontario economy have been lost – northerners lost seven out of ten of those jobs.
- Ontario manufacturing employment stood at 933, 000 in January, 2008. That's a loss of more than 185,000 manufacturing jobs since July, 2004 or more than 15% of the total manufacturing jobs.
- Auto (parts and assembly), steel and forest products have been particularly hard hit.
- In the automotive sector, for example, Canada ran an automotive trade deficit in 2006 for the first time in 18 years.
- Statistics Canada has found that the average worker who has lost a job in the manufacturing sector suffers a 25% drop in wages in his/her new job. That's a loss of \$10,000 in wages per worker.
- Manufacturing jobs paid an average of \$20.68 per hour in 2007. This is significantly above the average hourly wage of \$18.42 per hour.

That's why the 2008 budget needs to contain the following 3-part, jobs stimulus program:

- A jobs focussed Manitoba-style investment tax credit that would encourage manufacturers and processors to make capital investments and create jobs. The credit would be 10 per cent of investments in new machinery, buildings and equipment. An added incentive of a 20 per cent credit would be available for investments in green industry jobs;

- A “Buy Ontario” program, with specific domestic content levels for both Ontario and Canada for transit, infrastructure and other categories of public spending such as health and education;
- The immediate investment of the approximately \$350 million flowing from the federal government’s “Vulnerable Communities” Assistance Package. This money is desperately needed in our hard hit manufacturing and resource communities now and all labour market partners must be at the table to decide how it can best be spent and to get it into our communities as quickly as possible.

## **2. Health Care Reform and treating our parents and grandparents with dignity**

After four years of promising a ‘revolution in long term care’, there are still no minimum standards of daily nursing and personal care for seniors living in long-term care homes and it’s become quite clear that Ontarians can’t trust the Minister of Health and his government to take health and long-term care seriously.

This became painfully apparent when the Minister, in a not uncommon display of poor judgment, said that he would personally test an adult incontinence product used by residents in long-term care homes.

The Minister’s remarks were clearly uncalled for and beside the point. The NDP believes seniors in long-term care homes deserve a guaranteed minimum standard of nursing and personal care of 3.5 hours a day – up from only about 2.5 hours of care today. A minimum standard of hands-on care of 3.5 hrs/day would ensure that, at the very least, our seniors get the basic support they need every day. After a lifetime of building our province and communities, our seniors deserve better and a Minister who at least shows serious concern for their plight. From increased funding for long-term care, to a fundamental re-organization of front-line care, to an end to public monies going to private hospitals and new private home care, Ontario needs fundamental health care reform now.

In its health care motions to the Finance Committee, the NDP proposed a number of practical measures that could be implemented in the 2008-9 budget. All were voted down by the Liberal majority on the Committee. The NDP health care motion contained the following measures:

- An immediate staffing standard of 3.5 hours of nursing and personal care per resident per day in long-term care homes.
- Funding for Community Health Centres (CHC’s) and Aboriginal Health Centres (AHACs) to provide publicly-funded oral health care such as

checkups, fillings, extractions and emergency care to all Ontario children who have been shut out by the high cost of dental care.

- Special funding to a provincial network of CHCs and AHACs in order to ensure that every Ontarian who needs access to CHC/AHAC primary health care can access these services. This would require the establishment of no fewer than 20 new CHCs and AHACs per year over the four-year mandate of the government starting in 2009-10
- Ending the three-month wait period for OHIP coverage required of newly-arrived immigrants. Ontario should take its place with the nine provinces and territories that have seen the value in relieving new immigrants of this additional burden.

### **3. Property tax reform and fair funding for our cities**

The NDP believes that measures need to be included in the budget that would deliver a fair deal to municipalities. The NDP plan to rebalance the provincial-municipal fiscal relationship will freeze transit fares for two years, ease pressure on rising property taxes and provide increased support for key municipal services.

The NDP believes that we must return to a time when families paid fair property taxes and got good value for their money in municipal services such as police, transit, waste disposal, and parks and recreation. The problem is that it's just not that way any more because the McGuinty government is proceeding far too slowly to upload provincially mandated social programs off the municipal property tax base. As a result, property taxes are up, the quality of services is down and today's families are paying the price in higher property taxes.

At the Budget Committee, the NDP argued for a fair deal for municipalities that would rebalance the fiscal relationship between the province and municipalities by relieving property taxpayers of the burden of paying for provincially-mandated programs.

In addition to uploading provincially mandated social programs, Ontario desperately needs a top to bottom overhaul of its property assessment system. Seniors and others on fixed income simply can't afford the double digit increase in property taxes year after year while their incomes stay the same. That's why the NDP's widely acclaimed "freeze-til-sale" assessment model is so badly needed.

The NDP's fair deal for municipalities and "freeze-til-sale" motion contained the following measures:

- In addition to uploading the full costs of ODSP, the budget should commit to uploading the full costs of public health, land ambulance, and court security for the 2008-9 fiscal year and the full costs of child care and social housing in the remaining years of its current 4-year mandate. The government should also commit to honouring the original terms of the downloading agreement in terms of administrative costs;
- Reform the residential property tax assessment model so no residential properties are re-assessed until the property is sold or the owner does more than \$40,000 in renovations;
- Implement all the Ombudsman's recommendations to reform MPAC.

All measures contained in the NDP's "Fair Deal" motion were voted down by the Liberal majority on the committee

#### **4. An Anti-poverty Strategy**

In 2003, Dalton McGuinty's Liberals promised to end the clawback of the National Child Benefit Supplement. McGuinty broke that promise, but that hasn't stopped him from making it again in the 2007 election.

Just as shameful, families and individuals receiving social assistance – both Ontario Disability Support Program (ODSP) and Ontario Works (OW) benefits – are actually receiving less in provincial benefits, when inflation is taken account, than they were when the McGuinty government was elected in 2003. Ontario's poorest citizens had been falling behind for 10 years when the McGuinty government was elected. Nearly four years later, the poorest among us are still falling behind.

Meanwhile, Ontario's working poor are falling farther and farther behind. In Dalton McGuinty's Ontario, 1.2 million working women and men earn less than \$10 an hour. Those 1.2 million Ontarians are predominantly women, young people and New Canadians. In fact, someone working 40 hours a week at \$8 an hour earns \$320 a week or \$16,640 a year, \$4,000 below the low-income cut off.

The NDP believes that aggressive measures must be taken in the Spring provincial budget to bring the level of poverty down now.

Towards that end, the NDP moved a motion outlining the following ambitious 4-part anti-poverty program:

- Eliminate the National Child Benefit Clawback;

- Implement the full Ontario Child Benefit that would provide equal benefits to all low-income families regardless of source of income;
- Increase basic Ontario Works and ODSP rates at at least the rate of inflation over the government's second term in office;
- Introduce a \$10.25 /hr. minimum wage for Ontario effective July 1, 2008 with annual increases as follows:
  - i. effective January 1, 2009, \$10.50 an hour;
  - ii. effective January 1, 2010, \$10.75 an hour;
  - iii. effective January 1, 2011, \$11.00 an hour; and
  - iv. effective January 1, 2012 and every year thereafter an increase consistent with the change in the Consumer Price Index.

All measures contained in the NDP's anti-poverty program were voted down by the Liberal majority on the Budget Committee.

## **5. K-12 Education Financing**

The most urgent problem in public education today is dealing with the effects of Dalton McGuinty's broken promise to fix the school funding formula.

But the majority of today's families are more concerned about the reduction of services, the lack of Special Education and ESL programs, crumbling schools, increased levels of fundraising and all of the other issues that are a result of an inadequate funding model. School boards still have to make cuts year after year just to balance their budgets. The Falconer report on school violence set out in unsettling detail the human costs in our schools of these kinds of funding shortfalls.

The NDP strongly believes that now is the time to re-invest in a quality, public education system and at the Budget Committee, we moved the following motion:

- Restore the Local Priorities Grant and funding the way the Education Equality Task Force recommended – at a rate of \$200 per student. This would cost \$400 million;
- Implement an annual public review of the funding formula – led by an all-party standing committee on education;

- Adequately fund social workers, youth attendance workers, community workers, and in-school support workers as identified in the Falconer report.

## **6. Quality Care for our Children**

Nearly 1,100 Ontario children are on the waiting list for Intensive Behavioural Intervention (IBI) autism therapy. Many families have mortgaged their homes or made other financial sacrifices to ensure that their children receive the IBI therapy they need.

Dalton McGuinty promised in 2003 that children with autism over the age of six would receive the supports and the services they need.

Instead of keeping his promise, McGuinty dragged families into court, wasting more than \$2.4 million to fight them. He also diverted \$59 million from autism services and spent it elsewhere. This money would have almost eliminated the waitlist for IBI autism therapy. McGuinty also refused to let IBI therapists into Ontario schools.

In childcare, the government has invested little of its own money in new, childcare spaces and its promise to invest \$300 million in new provincial money to expand Ontario's regulated, non-profit child care system and to extend childcare assistance to 330,000 children is long since forgotten.

The NDP believes our children are our future and moved the following motion at the Budget Committee:

- Honour the promises made in the Liberal 2003 election platform to invest \$300 million in new provincial money to expand Ontario's regulated, non-profit child care system and, in addition, take full financial responsibility for the costs to municipalities that have resulted from the implementation of the subsidy formula, including costs to clear the waiting lists created by the subsidy formula, that are preventing families from obtaining the childcare they need at a rate they can afford;
- Provide no public funding to new, for-profit day care corporations and no public funding for the expansion of existing private centres. This would be effective April 1, 2008;
- Authorize funding for appropriate and timely treatment options and early intervention programs through existing agencies to clear the waiting list for children with autism and other special needs, which will save money in future avoided costs;

- Establish regular annual increases in the funding for children's mental health services to compensate for funding lost due to a funding freeze in the sector from 1995 to 2005.

All measures in the NDP's children plan were defeated by the Liberal majority on committee.

## **7. The Environment**

Global warming is considered by many scientists to be the most serious threat facing the world today. The Ontario Medical Association says that air pollution kills over 5,900 people per year in Ontario and costs our economy over \$7.8 billion per year in health care costs, lost work time and other quantifiable expenses.

The Kyoto Protocol is an international agreement to cut greenhouse gas emissions that cause global warming. The NDP's Ontario Climate Change plan provides the kind of well thought out and detailed measures needed to meet its Kyoto targets.

At the Budget Committee, the NDP moved the following motion:

- Allocate funding for the development and implementation of an Ontario Climate Change Plan in order that Ontario can reduce its greenhouse gas emissions to 6% below 1990 levels by 2012, as required under the Kyoto Protocol. Ontario must take immediate action to develop and implement a plan that – at a minimum – reduces greenhouse gas emissions in keeping with established Kyoto targets;
- Establish Ontario Climate Bonds which will be available to the public and institutional investors and provide the bulk of capital required for low-interest loans to retrofit 600,000 single residences, 2000 slab apartments (pre-1977 buildings) and 25 per cent of existing commercial and institutional buildings over the next four years, resulting in a total greenhouse gas reduction of 4.8 mega tonnes (CO<sub>2</sub>e) by 2012.

These measures were defeated by the Liberal majority at the Budget Committee.

## **8. Public Transit**

For far too long, Ontario transit riders have paid too much out of their own pockets for public transit that is often slow and inconvenient. Ontario transit systems must have access to a reliable and stable provincial funding source on which they can base their long-term planning and service improvements.

At the Budget Committee, the NDP moved the following motion:

- The government introduce the funding of 50% of operating expenses of public transit in its FY 2008-9 budget;
- The government table the time-table for the funding of all Transit City LRT lines and commit sufficient funds for the 2008-9 fiscal year to begin construction on the priority lines.

### **Motion 9: Housing**

To stay within the range of affordability, experts recommend spending no more than 30 per cent of your income on housing. Unfortunately, one in five tenant households in Ontario is spending 50 per cent or more of their total household income on rent. And tenants are 2.5 times more likely than homeowners to be paying 30 per cent or more of their incomes on housing.

Over the past 10 years, more rental units have been lost to demolitions or condominium conversions than have been built. Rents remain high, and tenants are waiting longer and longer to get desperately needed repairs done.

Dalton McGuinty promised change but he hasn't delivered. He broke his promise to build 20,000 new, affordable housing units and fell far short in his pledge to add thousands of new rental supplements.

At the Budget committee, the NDP moved the following comprehensive housing motion:

- That the 2008-9 budget include funding for:
  - 12,000 new rent supplements at \$4450/unit. This would cost \$53.4 million;
  - 7,000 units of affordable, rent-geared-income housing at \$50,000/unit for a cost of \$350 million;
  - A rehabilitation fund for the repair of downloaded municipal housing starting at \$100 million/yr. in 2008-9 and increasing to \$200 million/yr. in subsequent years.

All measures in the NDP's "affordable housing" motion were defeated by the Liberal majority on the committee.



### **Motion 10: Post-Secondary Tuition Freeze**

The NDP are committed to ensuring that the daughters and sons of hard-working families have access to college or university and can afford in-class apprenticeship courses.

Fairness means making sure working families can help send their children to post-secondary institutions without both parents and students facing crippling debt. Unfortunately, the costs of higher education are increasing in Ontario thanks to the McGuinty Liberals. Costs for professional programs like medicine and law have skyrocketed – the current tuition for second-year law is \$17,791. What courses you take shouldn't be decided by how much your parents make.

High tuition fees mean some working parents just can't afford to send their kids to college or university. And kids who do go are graduating with the highest average post-secondary education debt in the country – a staggering \$22,700. That's no way to start out

At the Budget Committee, the NDP moved the following motion:

- Freeze all regulated and de-regulated college and university programs as well as ensure that funding is sufficient to compensate for the tuition freeze. It would cost approximately \$250 million to support a freeze on tuition at all college and universities programs;
- Allocate \$50 million to replace tuition-related ancillary fees charged by colleges and universities.

The motion was defeated by the Liberal majority on the Committee.

### **Motion 11 – First Nations**

First Nations families are three times more likely to experience poor living conditions. More than half of all First Nations women and men are unemployed. About 1 in 6 homes in First Nations communities is overcrowded. Over 100 of those communities have to boil their drinking water.

Ontario's First Nations are frustrated by the inaction of the McGuinty Liberals and other governments. The only way to move forward is to stop making empty promises and take action that would make a real difference in the lives of First Nations families. It's time for a fair deal for Ontario's First Nations.

As a first step towards a fair deal for our First Nations communities, the NDP moved the following motion at the budget committee:

- Stop under-funding First Nation police stations across northern Ontario and allocate the \$23 million required to bring all such police stations up to the standards of the Ontario Building Code;
- Provide an initial \$2.5 million to hire, train and equip First Nations police officers on reserves across northern Ontario;
- Allocate \$2.5 million to the First Nations Technical Institute (FNTI), and immediately initiate a review to ensure that FNTI receives the same annual funding per student as other post-secondary institutions in the province by September, 2008.

The motion was defeated by the Liberal majority on the committee.

### **Motion 12: Fair Taxation**

Ontario's fiscal capacity to provide quality public services was seriously undermined during the Harris-Eves years. The NDP believes that over time, steps must be taken to restore Ontario's fiscal capacity.

At the Budget Committee, the NDP moved the following motion:

- Implement a new provincial personal income tax bracket at the \$150,000 individual income level at a rate of 13%;
- Restore the capital tax on banks and insurance companies to the original 2005 level.

The motion was defeated by the Liberal majority on the committee.