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Friday 7 June 2013

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Vendredi 7 juin 2013

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Prosperous and Fair Ontario Act (Budget Measures), 2013

Loi de 2013 pour un Ontario prospère et équitable (mesures budgétaires)

Chair: Kevin Daniel Flynn
Clerk: Katch Koch

Président : Kevin Daniel Flynn
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Friday 7 June 2013

Vendredi 7 juin 2013

The committee met at 0903 in room 151.

The Chair (Mr. Kevin Daniel Flynn): Okay, ladies and gentlemen, if we can take our seats and call the meeting of the Standing Committee on Finance and Economic Affairs to order.

SUBCOMMITTEE REPORT

The Chair (Mr. Kevin Daniel Flynn): Our first order of business is going to be a report of the subcommittee, and then I'm anticipating an amendment to that to establish a deadline for requests to appear.

Mr. Prue.

Mr. Michael Prue: Your subcommittee met on Wednesday, June 5, 2013, to consider the method of proceeding on Bill 65, An Act to implement Budget measures and to enact and amend various Acts, and recommends the following:

(1) That pursuant to the order of the House dated Wednesday, June 5, 2013, the committee meets from 9 a.m. to noon and from 1 p.m. to 6 p.m. on Friday, June 7, 2013, to conduct public hearings, subject to witness demand.

(2) That the Clerk of the committee post information regarding public hearings on Bill 65 on the Ontario parliamentary channel, the committee's website and on the Canada NewsWire.

(3) That witnesses be scheduled on a first-come, first-served basis.

(4) That all witnesses be offered 10 minutes for their presentation and five minutes for questioning from the members of the committee, and that questioning be done on a rotational basis by caucus.

(5) That pursuant to the order of the House, the deadline for written submissions on Bill 65 be 6 p.m. on Friday, June 7, 2013.

(6) That pursuant to the order of the House, amendments must be filed with the Clerk of the Committee by 5 p.m. on Saturday, June 8, 2013.

(7) That pursuant to the order of the House, the committee meet for clause-by-clause consideration of Bill 65 on Monday, June 10, 2013, from 9 a.m. to noon and from 1 p.m. to 5 p.m.

(8) That the Clerk of the Committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Mr. Prue. Any speakers? Dipika?

Ms. Dipika Damerla: Chair, I'd like to move an amendment to the subcommittee report.

I move that the report of the subcommittee be amended by adding the following:

"(3.1) That the deadline for requests to appear be 9 a.m. on June 7, 2013."

The Chair (Mr. Kevin Daniel Flynn): Thank you. There's an amendment on the floor. Any speakers to the amendment establishing—Peter. I'm sorry; I didn't realize you—

Mr. Peter Shurman: I just want to commend the member on making that amendment. I think it's a good one; I support it.

The Chair (Mr. Kevin Daniel Flynn): We're all getting along so far. It's almost 10 after 9 and we're still getting along.

All those in favour of the amendment? Those opposed? That amendment is carried.

Any speakers to the main motion, as amended?

All those in favour? All those opposed? That is also carried.

PROSPEROUS AND FAIR ONTARIO ACT (BUDGET MEASURES), 2013

LOI DE 2013 POUR UN ONTARIO PROSPÈRE ET ÉQUITABLE (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 65, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 65, Loi visant à mettre en œuvre les mesures budgétaires et à édicter et à modifier diverses lois.

ONTARIO NONPROFIT NETWORK

The Chair (Mr. Kevin Daniel Flynn): Let's move on now to the first delegation this morning, the Ontario Nonprofit Network. If you would like to come forward and make yourselves comfortable, and identify yourselves for Hansard so they know which one of you is speaking when. Perhaps you should introduce yourselves because we were anticipating hearing perhaps from four people today.

The floor is all yours. You've got 10 minutes. I'll let you know when you're getting close to the end, and then your questions today will come from the Conservative Party.

Ms. Lynn Eakin: Thank you very much, Mr. Chairman. I'd like to introduce myself. I'm Lynn Eakin, and this is my colleague Heather Laird.

Thank you very much for allowing us to speak today. We're very pleased, and we'd like to talk with you about how the non-profit sector can help the government make Ontario a prosperous and fair Ontario.

First, let me briefly describe our sector and why our participation in building Ontario matters so much. We're 46,000 organizations strong; five million volunteers. Virtually all of you in this room have been involved with disability groups or daycare, all of the kinds of activities that our members are involved with. We have over 600,000 employees, and that's not the hospital and university and community college sectors. Those are people in your local communities working, providing soccer programs and things like that—7.5% of your province's workforce. Our revenue is very diversified: 43% of our revenues come from earned income with only 36% of government. A lot of people think that we're nothing but a government handout, and that's not the case.

We're very active. We provide recreation and sports services. Arts and culture services are largely non-profits—social services, of course, that you're familiar with: newcomers, disability groups, community health. We're the backbone of what makes communities strong, particularly when things are hard in Ontario.

Ms. Heather Laird: The Ontario Nonprofit Network itself was organized in 2007. This sector has been getting organized through this mechanism and now has a reach of over 42,000 folks across the province. In particular, the network has about 300 leadership volunteers from different communities, all the way up north through Thunder Bay and even further north, and all the way down south to Windsor. Through this organizing, we provide public benefit across the province and work to strengthen the work of the non-profit sector. In that context, in particular, it's been wonderful to be increasingly strong in our partnerships and collaboration with the government of Ontario.

0910

Just to highlight a few of the things that we've been involved with on that front: Open for Business and the Partnership Project are two partnering initiatives to advance mutual issues of concern for the government and the Ontario non-profit sector. A couple of other issues include the human capital renewal strategy, which is to focus on employment in the sector. We employ 7.5% of the province's employees and that's to focus particularly on the sector's role as often a first employer employing young people or others who may be difficult to employ, and engaging them in contributing to the province. The rural social enterprise initiative we're involved in is another point where we're working with local communities to build up industry that supports their development over time.

Finally, the Ontario Not-for-Profit Corporations Act is the foundation of the sector's ability to get its work done in communities, and that's a critical issue that we've been working with the government on as well.

Ms. Lynn Eakin: To build a stronger Ontario requires a strong non-profit sector. One of the things we need is the enabling environment for social enterprise. We work in communities—and of course our organizations come from the community and belong to the communities, in that anything that we generate goes to increasing the mission. So if you're able to expand your soccer program, you do. If you can increase the number of young people that you're employing in internship programs, you do so. So it's very important that we have enabling conditions for social enterprise where you've got the double bottom line: employment and social good.

The other thing we need, or that we want to work with, is that we have a lot of innovative ideas and ways that we could partner with the government to build a better Ontario. One of these is the Unclaimed Intangible Property Program. Those are the monies that are unclaimed and can't be returned to people who have disappeared, or if they can't find the relatives if somebody's died.

In Vancouver, BC, they have a program where the Vancouver Foundation manages those funds, returns as many as they can to the people and puts the rest out into communities to support and strengthen local communities. We think this is a really exciting idea for Ontario.

Then, lastly, we really want to work with the government around streamlining and simplifying the partnership relationship we have for delivering services in communities. We think there's economic gains for both sides on that issue.

Ms. Heather Laird: We'd like to draw your attention to some opportunities in the budget bill where the non-profit sector might be of assistance in working with the government to grow towards a fair and prosperous Ontario.

The first is the not-for-profit sector's participation on a panel to develop a new Jobs and Prosperity Fund. The Ontario Nonprofit Network did submit to the Jobs and Prosperity Council, as well as the Commission on the Reform of Ontario's Public Services. Those solutions could provide a foundation to move forward, and certainly having the non-profit sector at the table in discussing those issues we feel is of critical importance and could be of great assistance to the government moving forward.

The second is a robust not-for-profit sector consultation on integrating training and employment services, especially affecting social assistance recipients and the Youth Job Strategy. There can be a number of unintended consequences in making those kinds of procedural shifts. The not-for-profit sector has many experts on the ground in communities, and ensuring that there's fair inclusion in prosperity is critical. In addition, the inclusion of the non-profit sector in these kinds of consultations and decisions can ensure that there are no unintended consequences or negative impacts on the government's budget or the outcomes that everyone is hoping to achieve through such programs.

Thirdly, the not-for-profit participation in the advisory panel reviewing the minimum wage in Ontario—again, being rooted in communities, we hope there's a chance to partner with government more deeply moving forward on that front.

Finally, not-for-profit sector engagement with the Transfer Payment Accountability Productivity Team to advance efficient and effective investment relationships and outcomes. This, we see as a real win-win-win for the sector, for the government and for the communities that we both serve. It's a chance to advance work in communities and shift money that might go into duplicate forms or procedures that can be spent on both government and sector partners doing direct work to support our communities moving forward.

Ms. Lynn Eakin: Just in summary, what we'd really like to emphasize is that our sector is a sector that has common values with government and common values with business. We provide those other services that make communities alive and well and healthy, and ensure that people aren't left behind. We'd like to make sure that we're at the table when decisions are being made because we have a slightly different perspective from both government and business, and together, we think we can make a stronger Ontario.

Ms. Heather Laird: Thank you.

The Chair (Mr. Kevin Daniel Flynn): That's great. Thank you, Lynn. Thank you, Heather.

Peter, are you kicking off?

Mr. Peter Shurman: Lynn and Heather, thank you very much for your appearance. Interesting presentation; we have no questions.

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

ACROBAT RESULTS MARKETING LTD.

The Chair (Mr. Kevin Daniel Flynn): We can move on to our next delegation of the day. That's Acrobat Results Marketing Ltd.; Tim Sinke, president. Please make yourself comfortable. You saw the first delegation, so you understand the rules. You've got 10 minutes. Use that any way you see fit. I'll let you know when you're getting close to the end and then we'll leave, if we can, about five minutes for questions. They'll come from the NDP this time. The floor is all yours. Thank you for coming.

Mr. Tim Sinke: Thank you. My name is Tim Sinke. I'm here as the president of Acrobat Results Marketing, a company that has business in Sudbury, Ontario, and Thornhill, Ontario.

I want to say, first, thank you for the opportunity to be here. I know this is probably the beginning of a pretty long day for all of you here, so I won't take too much time. I appreciate you hearing me.

I'll tell you a little bit today about what we do. I'm here to talk about the Ontario apprenticeship program and the Apprenticeship Training Tax Credit. I want to tell you about how we use that program, our track record in it, the potential effects of discontinuing that program and, probably most important, suggestions on ways to improve that program to help deliver better value to the citizens of Ontario.

Just by way of background, Acrobat Results Marketing was formed here in Ontario in 1994. We have employed hundreds of people across Ontario over the years. Currently, we have about 250 employees in Sudbury and Thornhill, as I mentioned, and we're currently in discussions to acquire another Ontario company, so we're looking to expand.

Our business is IT research, so our folks place outbound calls through our contact centre to organizations where there are senior-level IT managers, IT decision-makers, CIOs and so on, not only in North America but around the world. Their expertise is in using the contact centre environment to procure information from these people that our clients are interested in receiving.

We partner with a number of governmental organizations at federal, provincial and municipal levels in order to staff our company. These include HRSDC for under-employed or unemployed people and Employment Ontario, Thornhill hub. We're proud to also work closely with TRIEC, placing immigrants in our call centres and using the advantage that we have here in Thornhill and Toronto to call around the world with a unique set of immigrant skill sets.

In 2008-09, we experienced the recession, along with everybody else, and we realized that in order for us to be a stronger company, we needed to have a distinct advantage, and one of those advantages that we were able to procure was becoming a sponsor of the Ontario apprenticeship program. This allows us to use trade codes 634a, d and e to provide training to our people above and beyond what we would normally be able to offer ourselves as a small company.

We purchase the training for those people at colleges. They go through the program. They immediately have information that's germane to their everyday job, and at the end of it become certified. This allows us to market our company as a certified provider of our services and distinguish us to the rest of our competitors.

We follow the ministry training guidelines to the letter and to the timelines that the ministry sets out, which is about two to four years—in that range—to graduate an apprentice. There's a combination of in-class and on-the-job learning required. Not only does this allow us to offer wage increases, it allows us to become a more competitive company. We produce better jobs, we produce higher wages and we're a partner in producing a higher-educated workforce.

0920

Our track record in this area is very good. I understand from some discussions with some members of this committee that there are concerns about the value that the government is getting out of the existing program in relation to graduation and completion rates among apprentices. That's one of the reasons why these three codes were targeted.

It's my understanding that the overall graduation rate among comparable apprenticeship codes is 11% and that the IT codes that we are talking about here are at 10%, so that's hardly a drastic difference. I suspect that, on the other hand, there's a very high payout required for these IT codes, and that's probably creating a fair amount of budget pressure.

Our track record is quite strong. We're currently sitting at a 13% graduation rate. We will be at 31% at the end of this year, at 46% at the end of 2014 and at 78% at the end of 2015. We need the two-to-four-year window to graduate people through the program, so taking a measure of it at this time will obviously show low graduation rates. Our supervisors are the ones who are on an accelerated learning curve through the program.

Our concern with the budget is targeting just these three trade codes. This will have a very chilling effect on our industry in Ontario. There are literally thousands of jobs in this sector. About 35% of my company's workforce is earmarked as apprentices, but this would threaten 100% of the jobs that we put out in Ontario. We want to make sure that we are a competitive company, and we feel a lot of pressure from different jurisdictions that are recruiting and targeting us in order to place jobs in their particular regions.

We want to stay in Ontario. This is where our roots are, this is where all of our expertise is, but we rely on the program to help us do that. I don't think it's a good message to send out that high-tech jobs are particularly targeted, and I think it would be a strong message to say that future investment in Ontario is supported through this initiative.

Most importantly, I think we'd probably all agree that there's a better way to deliver value through the program, and to potentially limit the cost of the program, as well. I think before, with a simple line in the budget, the program is eliminated, we would appreciate more consultation and analysis to understand how the program is used and the costs associated versus the value that it delivers.

I think we can demonstrate job training and job creation through it. I've already mentioned that there are low completion rates, but that's also due to the fact that we're midstream in the program. I think that if you give it a bit more time, you'll see that the program can deliver graduates and increase training, job opportunities and wages for Ontarians.

I think the other thing that it would be wise to consider would be to examine the payouts for these three trade codes. My suspicion is that the payouts are skewed very heavily to large-scale companies with very large workforces, which is driving into multi-millions of dollars the payouts that are associated with these trade codes. For small companies and medium companies such as mine, we really don't have the ability to absorb some of these costs as much as a large company would. Potentially limiting the three trade codes to companies with annual payrolls of $20 million or less would be able to achieve the government's goal as well, without losing the entire program.

Finally, our view is that the program doesn't have very good reporting and compliance measures built into it. We take the initiative to do those measures ourselves, and we can report easily on our progress and graduation rates, but I think it would be wise if we saw more teeth put into reporting and compliance components, including potentially moving more to a pay-for-performance idea in the sense that the payout would be at the end of graduations as opposed to ongoing throughout the program.

Overall, I think, I'm here to ask you to please reconsider this particular line item in the budget, and to potentially partner with the government to help deliver higher value to Ontarians.

The Chair (Mr. Kevin Daniel Flynn): That's great, Tim. Thank you very much for your presentation. Michael or Cindy?

Mr. Michael Prue: Yes, I have a couple of questions. The first one is this: Part of the problem, as I understand it—and I'm on the opposition side—that the government is looking at is that these funds were being made available to probationary employees in companies, a great many people who were still in their probationary period. The company had not made any attempt to make them permanent staff but was sending them off to training, partially at government expense, and then deciding at the end of the probationary period that they weren't necessary. That cost government money.

You didn't talk anything about that. Can you tell me: If we eliminated that aspect, would that perhaps assuage some fears?

Mr. Tim Sinke: It may. That's not our practice as a company. We pay for the training; we pay for the college courses of our employees. We do not enrol anyone who has not passed their probationary period. These are people who are full time on our rolls, and we pay for their coursework. We have no interest in, obviously, investing when somebody is on a probationary period as well.

Mr. Michael Prue: Okay, but there are companies that do that.

Mr. Tim Sinke: Correct.

Mr. Michael Prue: Okay. The second thing: In my discussions with some people, there seems to be a fundamental difference in the professional courses that are being taken, those that are in IT-type industries, even though they may have call centres, and those which are strictly call centres. It would seem, as well, that the IT industry would require more long-term commitments and internships than someone trained to phone. Would you think that there's a difference? Should the government be separating these two out or looking at just funding IT centres as opposed to call centres, or are they all so linked that it's all or nothing?

Mr. Tim Sinke: In our case, I can speak that they are linked. Our people need to have IT knowledge as well as strong contact-centre skills for the nature of the work that we do. The particular job codes that we're approved for—my understanding is, a committee was struck and put together not only the qualifications for those job codes but also the coursework related to those job codes, and that's what we follow. We don't have very much influence over that. That would probably redirect over to MTCU, which sets the standards, as I understand, and relies on some industry groups that help provide that information.

In our case, we use both IT knowledge and contact centre knowledge. In that sense, that's why we adopted the training standards provided by the program: because it was a good fit for us.

Mr. Michael Prue: The last question I have—perhaps my colleague has some more: In some programs outside of your particular sector, monies do not flow to apprentices or apprenticeship programs until they have been in them for a while—three to six months, and then the monies start to flow. In this particular program, I understand that the money flows almost immediately. That also causes the government some considerable grief because of the dropout rate. Would your industry also consider—the government wants to think about this—putting a time period: Three to six months after the course or courses start is when the money flows, not immediately?

Mr. Tim Sinke: Absolutely. The answer is yes to that. We feel that there should be tighter guidelines and provisions around the money flowing out and, again, more pay-for-performance than historically has been there. But I think what's in the budget right now is throwing out the baby with the bathwater. I think we can find a way to deliver the objectives of the program at a lesser rate and base it more on graduation and completion as opposed to simply being enrolled in the program.

Mr. Michael Prue: Okay, so you're willing to be totally flexible on this and you're just asking the government to be a little flexible too.

Mr. Tim Sinke: That's correct.

Mr. Michael Prue: Okay. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Anything, Cindy?

Ms. Cindy Forster: No.

The Chair (Mr. Kevin Daniel Flynn): You've still got about two minutes left. Are you good?

Mr. Michael Prue: Thank you so much.

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

Mr. Tim Sinke: Thank you. Have a good day.

The Chair (Mr. Kevin Daniel Flynn): You too.

PERLY CONSULTING GROUP INC.

The Chair (Mr. Kevin Daniel Flynn): Okay, committee, our next delegation this morning is Perly Consulting: Doug Murless and Mark Fullerton, if you gentlemen would like to make yourselves comfortable.

Mr. Mark Fullerton: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): You were here for that delegation, so you know what the rules are: You get 10 minutes. Use that any way you see fit. If we have any time left over, the questioning will come from the Liberal Party this time.

0930

Mr. Mark Fullerton: On short notice, thanks very much for the opportunity to come and talk to you today. Just as a way of introduction, my name is Mark Fullerton. I'm a senior partner at Perly Fullerton. This is Doug Murless. He's a vice-president.

On the heels of the previous presentation, we help companies connect with government stimulus. So we work with companies like you just saw to implement the program. We're here specifically to talk about the apprenticeship tax credit and the three trade codes that were just mentioned.

Why do we care? Do you guys want to know why we're sitting in front of you today? The reason is we work with these companies at the ground level. We've seen these companies take advantage of the program, and it actually works. It helps to keep and attract highly skilled talent in Ontario, it helps companies justify how they can expand their head count and it helps companies relocate jobs to Ontario; so when you're looking, these jobs are portable. It's not just the apprenticeship jobs that we're talking about, but it's all the jobs and careers that go with that organization that are getting located here in Ontario.

Just to direct your attention to the stat, the ICTC suggests that there's going to be more than 106,000 new ICTC positions, which is clearly related to this industry. We have a youth unemployment issue, and these programs are fantastic programs to bring people in, train them and give them careers here in Ontario. It's a fantastic opportunity for the province, we feel.

Addressing the issue, we should commend the government for addressing some issues that have been ongoing with this program. To steal a bit of the commentary, we feel as though there can be changes made to this program. There's a fantastic opportunity for Ontario to benefit from it, but we can't throw the baby out with the bathwater. So let's quickly address the low apprenticeship completion rates and the overall program cost.

The companies that we work with are generally in the IT sector. In these sectors, this program actually works very well. Completion rates, as was suggested by the previous speaker, are typically very high. Our experience with our clients is it's closer to an 80% completion rate. Part of that is because people do actually graduate and move up into other positions, and then they're no longer allowed to continue with the training. We feel that that could also be a suggestion, and we'll talk about our suggestions at the end.

Doug, did you want to talk quickly about—

Mr. Doug Murless: I can give you an example. We work with a cloud-based software company located in the Yonge and Sheppard area. To Tim's point, I think one of the challenges with the current situation of the program and the perceived low graduation rate is just the length of term.

We look at this client that we started with about two and a half years ago in our first wave of apprentices for 28 people. We've graduated 17 of the 28 to date, and six of those people are no longer in the program because they were promoted within that time frame into roles that no longer qualified for an Apprenticeship Training Tax Credit. So we're really looking at a pool of 23 of 28, which kind of gets us into an 82% graduation. And this is a dynamic company that's typically doubling their head count every couple of years. They were voted by Deloitte as one of Canada's best-managed companies. It's a great entity to have in Ontario, and one that is utilizing the tax credit to continue to keeps the jobs locally, when a lot of these jobs, as Mark indicated, are portable. That's just one point we wanted to give you an example of, there.

Mr. Mark Fullerton: The second point that's been brought up is the overall cost of this program. Respectfully, there is a $43-million hit on the budget; you see that in your line item. The one thing to consider, I think, with this program is all of the other jobs that come with it. The client that Doug was talking about has 66 apprentices. There are 280 people in that organization. If you take the corporate income tax—I wrote down these figures, and I apologize; we were just made aware of this meeting yesterday at around 11:30—they're currently paying about $581,000 in corporate tax. The average personal tax totals about $777,000. So there's actually a $1.35-million revenue to the province—these are provincial revenue figures that I'm talking about—and the cost to administer that program from the province is $660,000. So you actually have a net surplus of approximately $700,000.

When considering the program costs, and we'll talk about ways to potentially mitigate the risk and lower the costs, you absolutely need to keep that revenue pool here—"keep that revenue pool here" meaning you need companies like the one that just spoke to be located here in Ontario, generating those tax dollars.

We talk about these companies, and most of the companies that we work with are actually high-growth companies, so they're continuing to add to their workforce. One of the clients we're working with, NetSuite, actually wants to quadruple their workforce here in Ontario. So as this program is positive and giving the benefits that it is, employment is actually rising.

Mr. Doug Murless: If I could just add to that, a little interesting story: NetSuite is located out near the airport in Mississauga. James Dantow is the general manager there, and he lobbied their US California home office to relocate these jobs from the Philippines. One of the challenges in the Philippines they had was it's really tier 1 helpdesk, complicated questions, and it wasn't necessarily meeting the requirements of that market to fill these calls, so to speak. So he actually was able to lobby California to bring these jobs here.

Reuben, who manages that area of the department, tells us it's going to grow to 28 jobs that are relocated in Ontario, primarily now because of the Apprenticeship Training Tax Credit. That was, like, line item number one. It's the training that they can give the people. They've hired nine people so far. I've seen the empty desks; the rest are going to be filled. They are generally excited about using the Apprenticeship Training Tax Credit to bring these jobs to Ontario and build out their Canadian team. NetSuite is, again, a leading company in their sector, so I think that's an exciting story for the program as well.

Mr. Mark Fullerton: I'd like to get to our recommendations and then summarize because I know we are on a tight timeline—two minutes, so pitter-patter.

There are a few things that I think we could do to make this a successful program for the province.

First, reduce the tax credit eligibility to a maximum of two years per apprentice and put a cap of a maximum of 4,000 hours on the program. Clearly, if there are part-time workers, they could take longer, but there's a maximum there, so you're mitigating your risk.

Introduce new program eligibility criteria. To Mr. Prue's point, these employees should be with the company for at least half the probationary period, and these people should be valid candidates to have careers within the corporation.

Introduce new reporting requirements. I think transparency is absolutely required. Perhaps a quarterly status of each apprentice could be provided to the MTCU training consultants.

You could also change the mix of the potential funding the sponsor is given. An example we gave here is 25% of the wages in year one. So rather than $10,000 and that accruing immediately, it would be up to a maximum of $7,000, year two would be $9,000, and then provide a bonus to the sponsor of $5,000 on completion.

The other piece to this is I think you want corporations that are clearly investing in education and the workforce of Ontario. I feel there is absolutely no reason why you couldn't eliminate sponsors of the program that cannot achieve a completion rate of, say, 50% or whatever number you wanted to put on that.

Mr. Doug Murless: You could tier that, I think, as we heard from a prior speaker. He believes he's going to get to 74%. Again, I think it's just a matter of the flow of the apprentices into the program and out of the program.

Mr. Mark Fullerton: The last one is that if you're concerned about more dollars flowing out than flowing in, just change it from a refundable tax credit to a non-refundable tax credit. I presume everybody understands that. A refundable tax credit is where if there are no taxes owing, a cheque is written. A tax credit minimizes or reduces their tax and offsets it.

The conclusion is, we feel this is an amazing program. We think that it actually addresses youth unemployment. We believe it supports an innovative digital economy. Overall, we believe it's a revenue source for the province, so again, we'd like you to keep it.

The Chair (Mr. Kevin Daniel Flynn): Okay. Thank you. That was pretty concise.

Doug and Mark, thank you. We're going to have questions from the Liberal Party. Steven.

Mr. Steven Del Duca: Thank you very much for being here this morning with your presentation. I have one question and I believe my colleague will have some more.

0940

This is not one of those times when I'm asking a question that I know the answer to. I actually genuinely don't know the answer, so I do want to ask, just out of curiosity. Though I've only been here for nine months as an MPP, my recollection is that in budget 2012, last year, there was a relatively clear signal that the government would be examining this particular tax credit, generally speaking, and looking at the effectiveness and efficiency of the tax credit itself.

I'm just curious. I see a lot of recommendations here, and I've listened to your presentation. I'm just wondering, over the last 12 months, if the industry did reach out, did do some proactive work, giving suggestions to the government around how the program—the tax credit—might be reshaped to become more effective. It's more for my curiosity than anything else. Or is this mostly a response to what's in budget 2013?

Mr. Mark Fullerton: Yes, absolutely. One of the challenges is that at the MTCU and the College of Trades there is actually no representation for these trade codes. We were speaking with the MTCU directly about how this program was being applied and suggestions on how to make it better. We feel as though we have very high integrity; we don't actually let people in if they haven't been with the company past their probation period. That's just a standard that we've imposed. Those types of things were being communicated, clearly not to this level, though, it appears.

Mr. Doug Murless: We were not consulted directly for any feedback ourselves, nor were, to our knowledge, any of our clients ever called and asked for any feedback to be direct.

Mr. Steven Del Duca: Okay. I get that point, but then there was no proactive outreach to government to say, "We understand that there may be concerns about what our clients are doing, so here are some ideas, proactively, about how you can reshape this tax credit to maybe save a little bit of money, and also apply it more effectively." That didn't occur.

Mr. Doug Murless: That's fair.

Mr. Mark Fullerton: You are correct, yes.

Mr. Steven Del Duca: And when you mention the College of Trades, that you have no representation there, just out of curiosity, what do you mean by "no representation" at the College of Trades?

Mr. Mark Fullerton: Meaning that the seats that govern that—so each trade code has a seat—

Mr. Doug Murless: A board.

Mr. Mark Fullerton: Yes, it's a board, and there's no—

Mr. Steven Del Duca: Each trade code doesn't have a seat at the College of Trades.

Mr. Mark Fullerton: Okay, not each one—

Mr. Steven Del Duca: There are only about 10 people on the College of Trades board of governors, and there are 150 skilled trades in Ontario.

Mr. Doug Murless: Yes, but our understanding is that in the IT component, those that would represent the five IT trade codes, there's not any representation. There's no one that's been appointed.

Mr. Steven Del Duca: So there's no trade board, specifically, within the structure for these IT codes?

Mr. Doug Murless: The seats are all vacant.

Mr. Steven Del Duca: Okay. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Okay, we've got about two minutes.

Ms. Dipika Damerla: Two minutes? Okay. Thank you so much for the presentation. I like the fact that you have some recommendations, and really, your recommendations speak to the fact that there was a problem. The government was right in saying that the current model isn't working, because your recommendations acknowledge that, so we appreciate that.

I'm just curious, though: What would you say to a tax credit where it's given on completion instead of giving one during the training? I'm curious what your thoughts are on that.

Mr. Doug Murless: Can I take that?

Mr. Mark Fullerton: Sure.

Mr. Doug Murless: I think, with our prior speaker, we're okay with changing the mix of funding. When working with the MTCU, if we isolate those six people who got promoted within the organization and basically taken out of the tax credit program, our concern is, are you going to impact those people in the apprenticeship program? Because the employer's going to go, "Well, I'm going to wait until Doug is six more months in," or something, right?

Ms. Dipika Damerla: Maybe we'd give a pro-rated one. We're going to design it well.

Mr. Doug Murless: Yes, if you design it well, I think it's okay.

Ms. Dipika Damerla: That's something that you can deal with?

Mr. Doug Murless: Yes.

Ms. Dipika Damerla: But the bigger question, I think, is that apprenticeship is really about the training, but the sense I've gotten is that the industry wouldn't be competitive without the subsidy. I just wanted your feedback on that.

Mr. Mark Fullerton: Well, I don't know that that's necessarily the case. I think that Ontario has skilled labour, but as we had mentioned before, there is going to be a shortage, and we need to be training more people in this area.

Ms. Dipika Damerla: So even if the subsidy wasn't there, the industry would continue to be competitive in Ontario?

Mr. Mark Fullerton: I think you're going to lose a lot of companies. A lot of companies will relocate.

Ms. Dipika Damerla: I'm trying to make that distinction. Is this really a cost pressure you have as an industry? This is part of helping you with your subsidies, another way of using—

Mr. Mark Fullerton: The answer is absolutely, yes. Companies like NetSuite, and we've been in conversation with Salesforce: They're looking at Ontario, and this tax credit is the major reason why they're looking to locate their whole organization here.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Doug. Thank you, Mark. Thank you for being here today.

Mr. Doug Murless: Thank you, everyone, for your time today.

Mr. Mark Fullerton: Thanks.

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

CAA SOUTH CENTRAL ONTARIO

The Chair (Mr. Kevin Daniel Flynn): Our next delegation, CUPE, has declined this morning, so I'm going to call the next one, which is the Canadian Automobile Association. Elliott, if you'd like to come forward. I'm sure you wouldn't mind getting out of here earlier, would you?

Interjections.

The Chair (Mr. Kevin Daniel Flynn): The Fred Hahn-Peter Shurman rematch.

Elliott, you've been here before. You know the rules. You get 10 minutes. Use that any way you see fit. At the end of that we'll leave about five minutes for questions, and they'll come from Peter or Rob this time.

Mr. Elliott Silverstein: Perfect. Thank you. Good morning, Mr. Chair and members of the standing committee. My name is Elliott Silverstein and I'm manager of government relations with CAA South Central Ontario. I want to thank you for the opportunity to speak before the committee here today.

CAA is a national not-for-profit auto club and has been advocating for our members since 1903. Currently, our organization has 5.8 million members across nine clubs throughout the country.

Advocacy is at the origin of our existence. Some examples include lobbying for the construction of the TransCanada Highway, advocating for distracted-driving legislation, and introducing seatbelts in all vehicles in the province. Today we continue to advocate on behalf of members and the motoring public at both the provincial and municipal levels through programs like our Worst Roads program, School Safety Patrol and Watch for Bikes. We work with local communities and governments alike to educate the public and call for improved transportation infrastructure.

Our members are not just motorists; they're also cyclists and they use public transportation systems. They understand the importance of an integrated transportation system regardless of the mode that one chooses to use.

The first item I want to discuss today is dedicated funding. In Bill 65, there's a reference to the Dedicated Funding for Public Transportation Act. It proposes to provide dedicated funding to municipalities for public transportation through gas tax revenue. It's a good step, and CAA has been advocating for dedicated funding on transportation and road infrastructure for many years. For example, two years ago we urged the province to direct a portion of revenue generated from the HST, when charged on gasoline and diesel sales, to a predictable funding mechanism. At that time, 177 municipalities, which represent over six million Ontarians, endorsed our position, and over 10,000 Ontarians signed the petition, which was introduced to the Legislature two years ago.

The breakdown highlighted in this bill, particularly in light of the pending need for the Big Move, is a good start, but it is not enough. CAA members have told us over and over again that dedicated funding is critical and money should be earmarked. With much of the gas tax revenue going into general revenue, there is more opportunity, through this legislation, to show the public that the taxes they are paying through gas and diesel sales are going directly back into roads and into transportation initiatives.

I can't underscore it enough: There's a distinct lack of dedicated funding, something that is critical and overdue for transportation projects, especially with the proposed need for $2 billion over the next 25 years to pay for Big Move initiatives.

The budget that was released just over a month ago noted that revenue generated from transportation-related initiatives should be dedicated to transportation projects in a clear and transparent manner. The term "should," in our eyes, is a loose commitment, and we'd like to change that "should" to a "must," especially when it comes to funding transportation.

Health care and education are often mentioned as critical cornerstones of our province. Transportation is equally critical. It's vital to our economy, society, environment, and directly impacts our daily lives, regardless of our mode of travel. We need sustained investment in existing roads and infrastructure projects to address the dire need for expanded transit in the GTHA and ensure Ontario's road infrastructure network across the province continues to be the safest in North America.

Lastly, I just want to take a moment to talk about the towing industry and the potential for regulation. Recognizing that Bill 65 has a component dedicated to auto insurance, CAA wants to underscore the budget's commitment to study and have consultations on the regulation of the towing industry and that it's a critical move. Focusing on the regulation of the towing industry will provide an opportunity to enhance and further the industry in a number of ways while also establishing standards and safety criteria to protect both the operators and motorists. CAA has been at the forefront of safety training and safety standards, and we believe there is an opportunity to raise the bar, create further standards, and improve the profile of the industry.

Regulation will take time and can come in many forms, but it's vital that all relevant stakeholders have their say and a consensus is built among key stakeholders as it relates to the industry and the public at large. The result would provide consumer protection in an area where it's desperately needed. With many municipalities bound by towing regulations and others unregulated, consumers currently face different experiences, rates and service, depending on their municipality.

Modernizing the industry and exploring opportunities to regulate the industry that do not hand regulatory control directly to the industry is a process that CAA supports. We believe there's an opportunity to work with stakeholders, including police and various government ministries, to address and resolve the challenges that this industry currently faces.

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The Chair (Mr. Kevin Daniel Flynn): Thank you. You've left a lot of time there, Elliott—about 10 minutes. Peter?

Mr. Peter Shurman: Hi, Elliott.

Mr. Elliott Silverstein: Hi, there.

Mr. Peter Shurman: Thanks for being here and thanks for the brief—a thankfully brief presentation; you're very succinct. I do have a couple of questions.

When you talk about sustained, dedicated funding for transportation and transportation-related endeavours, my party agrees. The question is, is CAA in favour of any of the "revenue tools" put forward of late by Metrolinx?

Mr. Elliott Silverstein: That's a good question. At this time, we're actually reaching out to our members, getting some feedback. There are some revenue sources that we have some significant concerns about, mainly in regard to the fact that we want to ensure that whatever does come forward is not going to be disproportionate on the consumer. There are a couple that are earmarked toward business, but our concern is that they can be redirected back to consumers. There are some that can be punitive that were not on the table, like road tolls; there are others that certainly would be more across-the-board that we would entertain.

I think that when it comes to some of the opportunities there—the HST is one that could be considered, whether it's feasible or not—but at this time, we don't have a specific item that we say we're going to champion, but we certainly are continuing our advocacy and our outreach to our members to get their consensus, because there are a lot of questions. More than anything else, I think there's a lot of misunderstanding about what the actual costs are going to be for the consumers.

Mr. Peter Shurman: I'm thinking you ought to run for office; however, that was just an aside.

My next point was further to that point, and you kind of answered it, but I'm going to ask it anyway. If I force you to put on the table a particular revenue tool, of the choice of the array that's been handed to all of us, which one or ones would you favour?

Mr. Elliott Silverstein: Which one would we favour—

Mr. Peter Shurman: Let me just amplify, because you said, "We don't want to pass it on to the consumer." They all, ultimately, are passed on to the consumer, but you seem to be leaning towards an HST increase, if it were doable.

Mr. Elliott Silverstein: I think what it comes down to is that we want to have something that's fair and balanced, so that it's not going to reside on one group versus another. It needs to be somewhat, for lack of a better word, equitable, so that one group is not going to be sitting there and shouldering the burden of it.

An HST increase, in theory, is something that would be across the board; certainly it may not be the perfect solution to the challenge but is something that is out there. When you look at things like high-occupancy toll lanes, it's another item that we have said that we're willing to explore and consider because it provides consumer choice. If you want to use that lane, you have the opportunity to opt into that, and if you choose not to, you have the other lanes available to go through.

At the end of the day, from our perspective, it's looking at what is there for consumer choice, so you have some variety of options, and that it's fair and balanced across the board.

Mr. Peter Shurman: For the record, my party doesn't agree with what Metrolinx has put forward at all; we believe that the money exists. Therefore, even though it's available, in our view, from existing tax revenues, given the efficiencies that can be brought to the budgetary process in Ontario, it still winds up being on the back of the consumer. Bottom line—somebody has got to pay, no?

Mr. Elliott Silverstein: People do have to pay and, certainly, from our perspective, we recognize that if there's going to be a suite of levies, fees, taxes—whatever you want to call them—that are going to be put on there, drivers are going to be part of that package. We recognize that. We're not coming forward and saying that we shouldn't be paying anything in terms of drivers, but that whatever does come forward, it ensures that everybody—if there is a need to contribute, and to your point, you're suggesting that there are ways to minimize that on the public, but if there is an ask, that it is actually allocated across the board.

Mr. Peter Shurman: Thank you.

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

Mr. Rob E. Milligan: Just quickly, Elliott. Thank you very much for coming in. As a CAA Plus member myself—and I haven't been surveyed yet—for the record, I want to say that I oppose the 1% HST increase and all revenue tool increases. Thank you very much for coming in.

The Chair (Mr. Kevin Daniel Flynn): There you go. You've got one survey complete.

Mr. Elliott Silverstein: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Anything else, Peter? Rob?

Mr. Peter Shurman: We're good.

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

MUSIC CANADA

The Chair (Mr. Kevin Daniel Flynn): Our next delegation on our list—we're a little bit ahead of ourselves but if they're in the room, they'd really help us if they would come forward a little early—Music Canada: Graham Henderson. Graham, if you'd like to step forward and make yourself comfortable.

Mr. Graham Henderson: I do have something to distribute, if that's—

The Chair (Mr. Kevin Daniel Flynn): Yes, the Clerk will handle that for you.

If you'd like to make yourself comfortable. You were here for the other delegations. Ten minutes—use that any way you see fit. At the end of that time, I'll let you know when you're getting close. The five minutes of questioning this time will go to the NDP. Other than that, the floor is all yours, Graham.

Mr. Graham Henderson: Let me just set my clock.

My name is Graham Henderson. I'm the president of Music Canada, which is a trade association that represents Universal Music, Warner Music and Sony Music but also has extensive contacts throughout the whole music community. We work with lots of folks in the studio community and lots of folks in the live music community.

I've circulated a document that we published earlier in the year that is the product of a couple of years of research. My background is that I'm currently with the association Music Canada; before that, I worked for Universal Music in the digital development department. Before that, I was an artist representative. I was a lawyer, and for 17 years represented musicians and publishers and singers and producers in the province of Ontario and throughout Canada. That's who I am.

I wanted to give you a brief history of the advocacy which resulted in the Ontario Music Fund, which is an element of the budget which obviously we're very supportive of. About two years ago, we held our first advocacy day—it was actually the first advocacy day that I think organized music had ever had—here. We met some of the members. We had an opportunity to meet all of the leaders and most of the critics. It touched off a two-year-long campaign which really resulted in this fund.

I want to touch a little bit on why we think the fund is important and why we think the government responded to our requests. Music is an extremely important cluster. It's an underestimated cluster in Ontario. Interestingly, over 80% of all economic activity in the sound recording industry takes place here in Ontario.

Revenues for the Ontario sound recording industry totalled almost half a billion dollars in 2010. We believed that Ontario had not yet fully capitalized on a strategic advantage that it enjoyed in the global music industry.

Jobs that are created in our sector are largely high-paying, permanent jobs involving young people in a cutting-edge, high-tech digital environment. Once upon a time, the recording industry came to Ontario and other parts of Canada to record their records—in many respects, the same way today that film comes from around the world to make movies. But that stopped many years ago, and we need fresh ideas and new strategies which will bring that foreign direct investment back to our province.

The other piece here is what we call Ontario's hidden superpower. It's our live music scene, and it should not be underestimated. Already under way at the Ministry of Tourism, Culture and Sport is an ambitious plan to make Ontario one of the global destinations for live music tourism. It's a timely and visionary initiative because the Canadian Chamber of Commerce recently identified tourism as one of the chief barriers to competitiveness for our country because of our slide in that area, and we believe that music can help.

Just to give you a sense of how much music can help: Austin, Texas, which is a city a third the size of Toronto, has an economic impact from its music sector that is three times the size of Toronto's economic impact, and that's largely because they have a plan. It's worth about $1.6 billion to the city of Austin. They have an aggressive plan to increase that, and half of that money is directly related to music tourism.

We know, from our economic impact studies, that over half of all the jobs in the live music sector are here in Ontario. We know that we have one of the largest and most diverse music scenes in the world, and this gives us a built-in advantage.

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We also know, from a province of Ontario report, that tourism is the largest employer of young people in the province, and probably in Canada. We also know, thanks to a report from the Ontario Arts Council, that 9.5 million overnight tourists to Ontario participated in arts and culture activities. For almost half of them, music was the motivator for their trip, and it is a fact that arts and culture tourists stay longer in our province and spend more money in our province. And this is all without a coordinated marketing plan. Imagine what we could do if we had a plan and devoted even modest resources to it.

Well, now we do, or at least we hope we will. We believe that the Ontario Music Fund has creatively and comprehensively addressed these two important sectors: live music and recorded music. It will create jobs, it will bring foreign direct investment to our province and it will bring tourists.

But we also must not forget that action like this will have a direct, tangible impact on the lives of our great musicians who have been so important to our province and who have given us so much. We think it's a historic, visionary program, and we think it deserves all-party support.

The benefits, I want to underline, are not limited to Toronto. My organization and I, personally, have been travelling the province of Ontario to assist local communities in kick-starting music initiatives. I've been to Kitchener-Waterloo, Guelph, London, Hamilton; we're going to Niagara; we've been to Kingston, Peterborough. All of these are communities with incredibly vibrant communities—it's all scalable, right? Obviously, everybody's going to achieve something proportionate to what they have, but this is a unique asset. It is something that other provinces don't necessarily enjoy, and it's one that this province, our province, can and should capitalize on.

Those are my comments. Thank you.

The Chair (Mr. Kevin Daniel Flynn): You left a lot of time for—Michael? Cindy?

Mr. Michael Prue: You haven't really asked for anything. I think what you're asking us is not to cut what the Liberals—

Mr. Graham Henderson: That's right, yes. That's correct.

Mr. Michael Prue: That's the ask.

Mr. Graham Henderson: Yes, the ask is that all parties support this concept, this part of the budget.

Mr. Michael Prue: Okay. Certainly, on behalf of the New Democrats, we don't find anything wrong with the monies that have been put forward, for precisely the reasons you've enunciated here.

With the money that has been put in—is it $43 million, I think?

Mr. Graham Henderson: It's $45 million, over three years.

Mr. Michael Prue: Over three years. How many jobs is that likely to create within the music industry in Ontario? Any guesstimates on that?

Mr. Graham Henderson: We had a more ambitious proposal that was focused more exclusively on the recorded music sector. We had originally been seeking a tax credit, but as we know, the tax credit program is under review, so there wasn't going to be a tax credit; there was going to be new program funding. But we had estimated, with our more ambitious act, that it could result in around 1,500 jobs, and that's just in our sector alone. We didn't make an estimate of what might happen in the live music sector, but we think it could be substantial.

Obviously, this is not going to solve the problems of Ontario overnight. The reason we presented these ideas over the past two years is that we felt that these are very achievable objectives in a high-profile area which will draw attention to our province, in addition to creating jobs.

Mr. Michael Prue: Since the budget was announced and the money was there, has there been any controversy within your industry over this?

Mr. Graham Henderson: Whenever a program is going to be announced, the controversy will be, how is the money going to be spent? The government has committed itself to a detailed set of consultations. My understanding is that that's well under way; we only just appeared. We think that it's an extremely ambitious goal they have for themselves, because this is a program that has to roll out in the fall, which is halfway through the fiscal year. I think, when you suddenly say that there are $45 million, the controversy will surround how it is going to be spent. But I'm very, very confident in the folks who are working on this program inside the Ministry of Tourism, Culture and Sport, that they're going to be able to address the issues of the community at large—and remember, it's a very broad, diverse community. It includes ourselves, the foreign direct investors, Ontario's independent recording industry, the live music community, the studio community and music publishers. It's big and diverse.

Mr. Michael Prue: And is there any consensus within all that diversity on where the money might end up?

Mr. Graham Henderson: Yes. I think the impetus for the government to do something was very clearly focused on the recorded music sector and aspects of that, and the live music sector. So I think everybody understands it's going to be divided into those areas within the recorded music sector.

This document here actually addressed a lot of the issues that are being discussed. For example, there's a chapter in here on digital initiatives and digital innovation. There's a chapter in here on the tax credit, but obviously which would now be a fund. There's even a piece that we've talked about in terms of music education. I think most people are going to come to the table—oh, I'm sorry; and assisting Ontario musicians and labels in getting product into international marketplaces, which is absolutely critical in this day and age.

Is it going to be perfect? I don't know of any program that is. I mean, I'm confident that it will be divided in a way that will reflect the diversity of the community. For example, with respect to the tax credit that we had originally proposed, that was something that was supported both by ourselves and the independent community. We went together, each supporting one another's requests.

Mr. Michael Prue: Those would be all my questions. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Graham. Thank you for being here today.

Mr. Graham Henderson: You're welcome.

The Chair (Mr. Kevin Daniel Flynn): The rumours you were bringing tickets to the Stones concert were false, I guess.

Mr. Graham Henderson: I know, I know. Those rumours do attach to me.

But thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thanks for being here today.

CANADIAN RENEWABLE FUELS ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Is Scott Thurlow here, from the Canadian Renewable—

Mr. Scott Thurlow: I am.

The Chair (Mr. Kevin Daniel Flynn): Okay, Scott, if you'd like to come forward, make yourself comfortable.

Mr. Scott Thurlow: I'll use all the extra time, I promise.

The Chair (Mr. Kevin Daniel Flynn): Did you bring the Stones tickets?

Mr. Scott Thurlow: I did not, unfortunately.

The Chair (Mr. Kevin Daniel Flynn): Let me reset the timer. You heard the rules—I know you were here earlier—15 minutes; 10 minutes to use any way you like. The questioning this time will go to the government side. It's all yours.

Mr. Scott Thurlow: Thank you very much, Mr. Chairman and members of the committee, for the opportunity to discuss the Ontario budget and Bill 65. My name is Scott Thurlow and I am the president of the Canadian Renewable Fuels Association.

CRFA members create a suite of innovative fuels and co-products. Our members create ethanol and biodiesel from an array of feedstocks including, but not limited to, corn, wheat, soybeans, canola, spent cooking oils, residues—rendered animal products—and cellulosic ethanol, which is a feedstock-agnostic process but can include wood waste, forest biomass and reclaimed municipal solid waste.

The provincial budget announced the repeal of the biodiesel tax credit of 14 cents a litre effective April 1, 2014. The budget also announced stakeholder consultations on the creation of a renewable content requirement for diesel fuel in Ontario. These consultations would pertain to the percentage of renewable content to be required and the carbon intensity of that fuel. We very much support this move. This is an important issue for the economic development and environmental quality of our province.

As stated in our pre-budget submissions and our previous testimony, the CRFA is recommending the creation of a 2% renewable diesel mandate for the province of Ontario. This follows the western provinces, all of whom have a mandate of at least 2%, if not 4%. We have also recommended a carbon intensity approach, measured on a life-cycle basis, requiring at least a 50% improvement when compared to petroleum fuel.

I would like to use my time here today to elaborate on how the creation of a renewable diesel mandate would (1) reduce harmful emissions in Ontario, and (2) encourage economic growth through biodiesel production and increase farm income.

More than any other policy tool, mandated content requirements drive investment and expand local production. However, despite a federal mandate of 2% renewable diesel, the local benefits are not manifesting themselves in Ontario. The federal renewable content standards allow primary suppliers—oil and gas companies—to blend renewable diesel anywhere in the country, provided that their national average is 2%. The 2% federal mandate for renewable diesel creates 600 million litres of demand for renewable diesel in Canada. Ontario accounts for almost one third of that national demand, yet current Ontario production could not meet that one third of the federal mandate, and we certainly are not blending anywhere near one third of the renewable diesel that is required by the federal mandate.

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As I mentioned earlier, all the western provinces have their own unique provincial mandates in place and have built out significant blending infrastructure as a result. The oil and gas companies have to blend the renewable diesel there; they have no choice under the law. In fact, the biodiesel industry in Ontario is under capacity because the federal mandate requirements are being met in the western provinces. A mandate in Ontario will help build up that capacity and encourage additional investments to meet a provincial mandate here at home.

The Grain Farmers of Ontario, the Ontario Federation of Agriculture and Ontario Agri-Food Technologies have all supported the creation of a provincial renewable diesel mandate because of what it represents for our farmers. A 2% mandate would create a guaranteed market of at least 160 million litres of renewable diesel. This could create a potential market for 680,000 tonnes of Ontario soybeans.

We know that there are oil and gas companies that have installed blending infrastructure here in Ontario, but blending infrastructure alone does not guarantee that blending will occur. Right now, any biodiesel blending that is done by oil and gas companies in Ontario is strictly voluntary. You may hear from other fuel sectors that they prefer this flexibility to voluntarily blend in Ontario. The very flexibility that they are celebrating is at odds with Ontario's interests and undercuts the economic benefits of a renewable diesel mandate here at home.

Market realities and price fluctuations often result in blending being done in other regions, where mandates have forced investments and blending infrastructure. To leverage those investments, they blend at higher levels, even above and beyond the western mandates. This puts Ontario farmers and biodiesel producers at a steep disadvantage compared to those with guaranteed markets for their products in the western provinces. They have to compete with their western brethren for their share of the federal mandate. Western farmers who have a guaranteed market for their products are in a better position to negotiate with oil and gas companies.

In fact, my members are told by investors—bankers—that the absence of a mandate in Ontario is acting as a deterrent to investment in the biodiesel industry, as investors see more predictable markets for biofuels in the western provinces. A guaranteed market in Ontario would level the playing field and, in so doing, create jobs here in the province.

On the environmental side, biodiesel is a practical alternative fuel that cuts emissions from diesel cars, trucks, boats and trains. Unfortunately—and this is an admittedly recurring theme—the current federal mandate offers little environmental benefit to Ontarians. As the obligated parties opt to blend renewable diesel in western Canada markets to meet both their federal and western provincial mandates, Ontario gets the short end of the economic stick and the short end of the environmental stick. A mandate would reduce carbon dioxide emissions and other harmful emissions in Ontario by as much as 99% when compared to petroleum diesel. This is the equivalent of removing 100,000 vehicles from Ontario's roads. Every litre of renewable content blended in Ontario is one less litre of petroleum fuel creating smog in our neighbourhoods.

We have recommended that a carbon intensity approach be adopted to ensure that the fuels which qualify as a renewable fuel under our proposed regulation significantly reduce GHG emissions, which is an objective of the Ontario Environmental Protection Act.

I have provided you with an article on the GHG impact of HDRD fuel derived from palm oil, which is as bad, from a life-cycle perspective, as petroleum-based fuels. This is what carbon intensity value is designed to protect. Carbon intensity on a life-cycle basis has been successful in Alberta, which requires a 25% improvement in their 2% renewable diesel mandate. The low-carbon approach has worked in British Columbia and California, and 13 other US states are developing their own approach. This is why we recommend a carbon intensity approach.

On the efficacy side, biodiesel is a high-performance fuel that has hundreds of millions of on-road miles of proven effectiveness. Some critics of biofuels question the environmental value of these fuels when compared to the most modern emissions reduction technology on trucks. I question this logic, as the updated emission systems in these heavy-duty vehicles apply only to those who have acquired them. Full fleet turnover could take over a decade, if not longer. Greening the distillate fuel pool applies to all vehicles simultaneously and immediately. A provincial renewable diesel mandate will succeed in making those advanced systems even greener and reduce emissions from every other heavy truck driving down the 401.

I think it is important enough to repeat that using renewable diesel brings quantifiable environmental and health benefits to all Ontarians who breathe. I suspect this is a large constituency. I would add, however, that all original equipment manufacturers who sell trucks in North America will warranty their vehicles for a biodiesel blend of up to 5%. Three quarters of them will warranty their vehicles for a biodiesel blend of up to 20%.

While you don't need me to talk to you about the frequent and dense truck traffic on the 401, you do need to know that, as a result of US mandates, every truck that you see on the 401 with US plates almost certainly has biodiesel in its tank. In fact, the American Trucking Association has endorsed the use of B5, which is 5% biodiesel. They did so in 2005.

Minnesota, a state which borders Ontario, requires 5% biodiesel year-round. In the summer months, they require a higher-mandated requirement. By 2015, in the summer months, Minnesota, by law, will have a 20% biodiesel blend from April to October.

As stated in a report compiled by that state's Department of Agriculture and tabled in the Minnesota Legislature earlier this year, in spite of sub-zero temperatures in Fahrenheit last winter, and so far this winter, no issues have been reported with the state's B5 mandate.

By contrast, in Ontario, we have a way to go in order to keep pace with our neighbours. Some suggest that a provincial mandate would lead to increased complexity to fuel infrastructure and added costs. Nothing could be further from the truth.

Again, thematically, we have to look at what has happened to the obligated parties in the western provinces. They have been blending at 2% and as high as 5% in the summer months. This is happening without any issues, technical or economic.

The problem for Ontario farmers and Ontario biofuel producers is that isn't happening in Ontario. So if anyone tries to tell you that a mandate in Ontario will void their warranty, or doesn't work in the cold, or will be more expensive, they probably don't know that they are most likely already using biodiesel if they have ever driven in the United States, British Columbia, Alberta, Saskatchewan, Manitoba or even in Ontario, where, from time to time, voluntary blending still happens. It's just not happening in a way that our farmers and our biodiesel producers can actually benefit from.

In conclusion, the CRFA believes the budget should be passed immediately so that these important consultations can be initiated as soon as possible. The need for Ontario to catch up and secure additional investments in this sector is of paramount importance to our members and farmers. It is imperative, however, that a renewable fuel standard for diesel fuel is in place in advance of the elimination of the biodiesel tax credit, which is scheduled for April 1, 2014.

Again, I wish to thank you all for allowing me the opportunity to speak to you today. On behalf of the CRFA, we encourage all parties to support the creation of a renewable diesel mandate without delay. Thank you, and I would welcome your questions.

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

Dipika, you've got about four minutes.

Ms. Dipika Damerla: Thank you so much, Scott. I don't have many questions; just one, which is: If Ontario was to mandate something, what level would you recommend?

Mr. Scott Thurlow: In our recommendations, we suggested 2%. The reason that we suggested 2% was twofold. First of all, it matches the federal mandate, as you've seen in some of the other western provinces. That would allow, based on the federal government's own reasoning, for that blending to occur with no incident whatsoever. Secondly, we think that is the sweet spot that would allow for blending to occur year-round with even no prospect of technical issues ever coming up.

I mentioned Minnesota before already, where they've had no issues. If somebody's enterprising and they want to raise a higher mandate even beyond 2%, I would support that, but my proposal here today is 2%.

Ms. Dipika Damerla: Thank you.

The Chair (Mr. Kevin Daniel Flynn): That's great, Scott. Thank you very much for coming today. I appreciate it.

Mr. Scott Thurlow: Thank you very much for having me. Good luck with your deliberations.

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

We're getting a little bit ahead of ourselves here, but that's not a bad thing. Is the Ontario Waste Management Association here yet? Rob Cook, Peter Hargreave? How about the Ontario Automotive Recyclers Association? Or the Ontario Undergraduate Student Alliance?

Seeing none of those people, we'll take a brief recess until the Ontario Waste Management Association shows up.

Just let me take this time, if we can go back, just to remind the committee—Peter, this may be of interest to you, and Michael—the deadline for filing amendments with the Clerk is at 5 o'clock, Saturday, June 8—you know that, I'm sure—as ordered by the House. They must be filed in person. They must be filed in this building physically because the hard copy is still the official copy.

I'm getting this from Katch. The Clerk's office is in room 1405 in the Whitney Block. If anybody needs the information from the legislative counsel, they can get that from Katch. That's it, really, just the information. Because it is a Saturday, there are some unusual things about it, obviously.

Mr. Peter Shurman: We're done.

The Chair (Mr. Kevin Daniel Flynn): So you're all done.

Michael, I don't know if that means anything to you, but that's—

Mr. Michael Prue: I don't know. I will convey that message to our finance guru. I'll let Ethan know.

The Chair (Mr. Kevin Daniel Flynn): Forewarned is forearmed.

Let's get on with the recess.

The committee recessed from 1020 to 1026.

ONTARIO WASTE MANAGEMENT ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Let's call back to order again. We've got the Ontario Waste Management Association, Peter Hargreave, director of policy, here with us today. Peter, 15 minutes.

Mr. Peter Hargreave: Okay.

The Chair (Mr. Kevin Daniel Flynn): Use that any way you see fit. If there's any time left over—about five minutes—the questioning will go to the Conservative Party this time. It's all yours.

Mr. Peter Hargreave: Thank you for the opportunity to provide a submission on the 2013 Ontario budget. The Ontario Waste Management Association is the voice of the waste management sector in Ontario. We represent roughly 300 members across the province, including private sector companies, public sector municipalities, organizations and individuals involved in the waste management sector.

Together, our members manage over 85% of the province's waste. Our members have diverse interests in capital investments in areas such as waste and recycling collection, landfills, transfer stations, material recycling facilities, energy-from-waste facilities, organics processing and composting, and hazardous waste management from both the recycling and disposal perspectives.

The waste management sector provides an important environmental service by dealing with the roughly 12.5 million tonnes of waste we create annually in Ontario, which equates to almost one tonne per Ontarian. The sector directly contributes annually over $3 billion in revenue, over $300 million in capital expenditures and over 13,000 direct jobs to Ontario's economy. The average salary paid to those employed in the waste management sector is 22% above the provincial average salary.

There are a few areas of the 2013 budget that I'd like to touch on today, beginning with MPAC. The OWMA is supportive of the steps taken in the 2013 budget to review Ontario's property tax system with a specific focus on the Municipal Property Assessment Corp., MPAC.

We have been concerned with what appears to be a separation of MPAC from any direct supervision and policy management by the province. Recently, the minister was forced to step in when MPAC changed the methodology for landfill assessments with absolutely no consultation and little research. The new methodology increased private and public landfill site assessments by up to 4,430% and increased taxes payable by two to 100 times their current levels. These changes had substantial impacts on both municipalities and the private sector, who both expressed immediate concerns.

MPAC needs to be accountable and consultation needs to be properly undertaken before changes of this nature are made in the future. We look forward to working closely with the government in this review and helping to clarify and refine the assessment methodology applied to landfills to ensure they are equitably applied.

Changing topics: The OWMA has been supportive of the Drummond report and its recommendations around the use of different forms of service delivery, like delegated administrative authorities or other arm's-length bodies to help improve regulatory outcomes and strengthen enforcement.

Proper oversight of the waste management sector is an absolutely critical element to ensure a level playing field across recyclers and to ensure we achieve the environmental and economic outcomes that we all want.

Numerous Provincial Auditor and Environmental Commissioner reports have pointed to deficiencies in the proper oversight of the waste management sector. Waste Diversion Ontario, the Hazardous Waste Information Network and the oversight of the management of end-of-life vehicles are a few examples of non-functioning systems that could be moved to an alternative service delivery model. Some advantages in doing this include the fact that they're self-financing and so reduce the cost to the taxpayer. They provide stability for oversight and enforcement, unlike government, which is often affected by fluctuating budgets and FTE limits. They provide the ability to build a unique set of skills and knowledge base housed within one organization.

1030

We would strongly recommend that the committee revisit the DAA provisions in the 2012 budget bill, and to make those effective as they were originally drafted. This would allow the creation of DAAs through regulation; allow the minister to assign objects to DAAs; create accountabilities to the minister; and allow a number of proposals to move forward that will both protect the environment and drive positive economic outcomes in the waste management sector. Unfortunately, last-minute committee changes last year rendered the provisions effectively inoperable, so we'd hope that there would be an opportunity to revisit those decisions.

Finally, as we discussed in our pre-budget submission, the waste management sector offers an enormous opportunity for the government to address economic growth, create well-paid jobs and meet environmental objectives. Roughly seven jobs are created for every 1,000 tonnes of waste that are diverted, and the economic benefits of recycling are four times greater than the net cost to recycle. Based on these numbers, if Ontario were to increase its diversion from a mere 25% to 50%, the province could increase investment by $1 billion and increase total jobs, direct and indirect, by over 20,000.

It is not just the material or energy value of the waste that is lost when waste is disposed of, but also business opportunities with recycling and with integrating recovered resources into new products and packaging that could be sold again in Ontario. We should be rerouting these raw materials and this energy back into Ontario's economy after proper processing.

Organizations in our sector are continually investing and spending millions to pursue these goals, but innovation and technological advancements can only achieve so much. As waste management is largely dictated by regulation, it will take government involvement to harness the value of waste as a resource in Ontario. In our submission, we urged the government to address the stalled waste diversion rates in Ontario and to address the failures of the current Waste Diversion Act. This call for changes has been echoed by many of the political parties as well.

While not in the 2013 budget, the Minister of the Environment did introduce the new Waste Reduction Act and strategy yesterday, which sets Ontario back on the right course, setting the long-term strategy to increase waste diversion in Ontario, including:

—addressing ICI waste;

—making individual producers responsible for the end-of-life management of their products and packaging, and removing these costs from the property tax base;

—getting rid of recycling cartels that allow companies to outsource their costs and responsibilities;

—restricting point-of-sale fees; recycling costs are a cost of doing business in Ontario and should be considered in the price of the product, not added at the checkout; and

—ensuring that the government is the one that sets the rules, whether those be standards or targets, and enforces them with penalties.

Each of the political parties should be commended for this act, as it reflects many of the positions each of the political parties has put forward over the last four years. We hope to work with all of you in the coming months to see this legislation move forward, and to better harness the economic opportunities of waste as a resource.

I thank you, and I'm happy to take any questions.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Peter. You've left about seven minutes. Peter?

Mr. Peter Shurman: Great. I have a couple of questions, then I think Monte does.

Thanks very much for the presentation. Obviously, I'm generally supportive, but I'm interested in the grade that you would give Ontario if you had to rate Ontario today for its results on waste management.

Mr. Peter Hargreave: I think that if you look over the last two decades, waste diversion in Ontario has remained at about 23%. The level has stalled throughout that period, so I think it's really a failing grade on waste right now. But I would probably be very, very cautious, in a sense, saying that it's really been a problem for all governments over those last two decades.

Mr. Peter Shurman: Then how do we compare, for example, to other Canadian jurisdictions?

Mr. Peter Hargreave: We're middle of the pack for other jurisdictions and what other jurisdictions do. Jurisdictions like Nova Scotia have about double the recycling rate that we currently have.

Mr. Peter Shurman: So we're not doing so well, but you are cautiously optimistic on this legislation that the minister tabled yesterday. Is that what I get from—

Mr. Peter Hargreave: Yes. Again, as I think I said in my comments, if you look at what the minister has done, he's effectively taken from various political parties and what they've put forward. It reflects what Michael Harris brought forward in his recommendations last November, it picks up on elements that were in the NDP election platform and it also touches on areas that the government has talked about for the last four years in discussion papers.

Mr. Peter Shurman: Generally speaking, how do you feel about the derivation of costs at this point? In other words, the municipal portion of recycling costs that are passed along through municipal tax assessments to ratepayers.

Mr. Peter Hargreave: We've argued that we're supportive of what's called "extended producer responsibility," so shifting the cost of managing or the recycling of those wastes at the end of life on to producers who have the ability to be able to effect change. Municipalities, for a large part, don't have any ability to effect change when it comes to waste—

Mr. Peter Shurman: Which is why you have the recommendation to build prices—a manufacturer price and retail price—as opposed to some extra at-the-cash, point-of-sale price.

Mr. Peter Hargreave: Yes, but I think we also look at that, Peter, from the perspective of—currently, right now, effectively what's in place is a producer tax to consumers. It's a flat rate that everyone pays. What we're suggesting is that companies should be competing and innovating to reduce those costs, and so there shouldn't be a flat fee. It's an artificial price that's currently been set.

Mr. Peter Shurman: Thank you. Monte?

Mr. Monte McNaughton: Just a quick question. I know the whole eco fee disaster debate really well—our family has a Home Hardware store. I remember in the summer of 2010, I believe, when phase 2 of the eco fees came in, a bag of concrete mix—which is every building centre's number 1 selling product, apart from two-by-fours and things like that—was selling for $3.99. When the eco fees came in, I remember the first customer of the day went up to buy 60 or 70 bags of concrete mix and that concrete mix was eight bucks a bag. So it doubled the price.

What will happen now, then? Will they build a $4 recycling fee—recycling tax—into the product so the consumer won't see it? I mean, that's what's going to happen essentially, right, with this new legislation?

Mr. Peter Hargreave: It would be a cost like any other.

The same argument could be made for minimum wage. We set a minimum wage in this province, and the price of that minimum wage gets built into the price of products or services. Companies figure out the best way that they can be efficient and effective, and that gets built in.

Mr. Monte McNaughton: But what happens, for instance with a television, then? I don't know what the fee is, $50 to $75. Is there a risk of encouraging people to go to the United States or different provinces to buy these products?

Mr. Peter Hargreave: Whenever we're moving forward with any regulations, Monte, I think there's always a risk of that. I think the government's tried to stick in some provisions. I think they've got some e-tailer provisions with that, to try to capture greater sellers within the marketplace.

Mr. Monte McNaughton: So how will consumers or taxpayers actually know how much they're paying? Will there just be a lump sum in an annual report at the end of a year? I guess this is all going to the business now. I guess they're—

Mr. Peter Hargreave: No, it's going to the producers. So if it's Sony who's building a TV, they're quite open to include what they see their fee as being, and they could include that as a separate advertisement—

Mr. Monte McNaughton: Cost.

Mr. Peter Hargreave: —or cost around their product, to let the consumer know this is the price that you're paying.

Mr. Monte McNaughton: So the risk is, in Ontario, products could just be more expensive.

Mr. Peter Hargreave: There's a risk, but this is the same way, Monte, that most other jurisdictions are going. Quebec's moved this way already. It's being pushed—

Mr. Monte McNaughton: What about Michigan?

Mr. Peter Hargreave: I'd have to get back to you on Michigan.

Mr. Monte McNaughton: I was just curious.

Mr. Peter Hargreave: But I know that a lot of legislation that's currently moving forward in the US is including internalized pricing as well.

Mr. Monte McNaughton: It always scares me, and maybe it's just my background, but I don't like it when consumers don't know how much they're paying for something—or taxpayers. The reason why I thought getting away from the manufacturers' sales tax back in the early 1990s was good was so consumers actually knew how much they were paying for that tax.

Mr. Peter Hargreave: But I think it's important to highlight again: The way the current system is set up is that, effectively, there are recycling cartels in Ontario. So all of the producers of electronics sit around a table, they effectively decide what the price of recycling is, and pass that down to the consumers as a flat fee. That's not a competitive system. There are no competitive mechanisms to help them reduce the price, to help them improve their product and to reduce those costs down.

Mr. Monte McNaughton: Yes. I mean, I'm only asking just for an education for myself.

Mr. Peter Hargreave: Oh, no, absolutely.

Mr. Monte McNaughton: I don't like the current system, for sure, either.

1040

Mr. Peter Hargreave: I think there are some good discussions that need to be had over the summertime as we consider this and we consider the effect that it might have on retailers. Those are discussions that should begin in earnest so that we can figure out ways to solve them, but again, it makes no sense that we're sending 75% of our waste to landfill and, actually, a large portion of that to the US, where we landfill it in their jurisdiction.

Mr. Monte McNaughton: Perfect. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Peter, for coming today. We've got about 12 seconds left here.

Interjection.

The Chair (Mr. Kevin Daniel Flynn): That's right. It was good time management.

ONTARIO AUTOMOTIVE RECYCLERS ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Okay. Let's see if we've caught up a little bit. The Ontario Automotive Recyclers Association—Usman Valiante? Thanks for coming today. We're a little bit ahead of ourselves. If you'd like to make yourself comfortable. You've got 15 minutes; use that any way you see fit. Towards the end, around the five-minute mark, I'll let you know, and then questions will come from the NDP this time.

Mr. Usman Valiante: Great. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): The floor is all yours.

Mr. Usman Valiante: I'm pleased to be able to appear here today. I appeared before this committee on March 21 on behalf of the Ontario Automotive Recyclers Association to discuss the use of delegated administrative authorities for enhancing environmental protection and economic development.

As I mentioned then, 640,000 cars a year reach their end of life in Ontario, and their recycling poses a serious environmental issue and lost economic opportunity if the recycling is not done properly. Currently, the materials in your blue box have higher environmental standards for recycling than automobiles do. Automobiles are completely unregulated in how they are recycled; despite the fact that they contain mercury switches, oils, fuels and ozone-depleting substances, there is an exemption for end-of-life vehicle recycling under the Environmental Protection Act which effectively exempts recycling of vehicles from any environmental standards.

Also, as I discussed in March, there is a strong consensus amongst vehicle recyclers, vehicle manufacturers and environmental groups that environmental recycling standards are not only critical to environmental protection, but professionalization and economic growth in the vehicle recycling sector.

Since I provided my testimony in March, there have been some developments that I think are worth discussing with regard to delegated administrative authorities for better oversight and accountability of regulated activities. As you may know, yesterday the Ontario government tabled Bill 91, the Waste Reduction Act, along with a supplemental waste reduction strategy. The bill recognizes the consensus view that the existing Waste Diversion Act and Waste Diversion Ontario are not delivering the environmental and economic outcomes Ontarians expect from a regulatory framework that is supposed to hold producers responsible for the waste and products they generate.

An important part of the bill is the conversion of Waste Diversion Ontario, what has rightly been described by the PC environment critic as a useless recycling watchdog, into the Waste Reduction Authority, which will, to quote the bill, "perform the duties and exercise the powers ... for the purpose of ensuring that waste reduction activities are undertaken in accordance with this act and the regulations"; in effect, a proper statutory authority for the oversight of producer responsibility regulation that will, to again quote the PC environment critic, "meet enforceable targets for keeping materials out of Ontario landfills."

The Waste Reduction Act is also proposing to allow the Waste Reduction Authority to recover costs from producers to cover the costs of oversight and operation of this statutory authority. This conversion of Waste Diversion Ontario to a statutory authority is an important step forward in involving sustainable oversight of environmental regulations, and it's wholly consistent with the recommendations by Don Drummond under the Commission on the Reform of Ontario's Public Services.

I guess the precedent that's being set here is that for the first time under the Ministry of the Environment, there's going to be a true statutory authority for the oversight of environmental regulations. It's a bit of a precedent, and one of the things that this then leads to is a discussion of end-of-life vehicles that I mentioned at the outset, which are also part of the government's waste reduction strategy. They have said that they are now going to bring in environmental standards for the recycling of end-of-life vehicles, and those standards are going to apply to thousands of auto recyclers across the province, yet the Ministry of the Environment doesn't have any more resources than it did the day before yesterday to oversee those standards on end-of-life vehicles.

Again, and to perhaps belabour the point, an environmental standard with no means to oversee that standard is rendered ineffective.

I guess in the last few weeks, we've had some discussion on nursing homes in Ontario as an example of where ministries are tasked with overseeing regulated activities and either don't have the resources or the capacity to oversee those regulations. Once again, it highlights the point that you need a dedicated and financially sustainable enforcement mechanism for the purposes of regulatory oversight.

So going back to end-of-life vehicles, we bring forward a standard for auto recycling. We need to concurrently consider how to oversee that environmental standard and apply that to that sector to ensure a level playing field across recyclers to deliver the environmental and economic outcomes that the sector would like and obviously the citizens of Ontario would like.

As I stated in March to this committee, the DAA approach is self-financing. It reduces costs to taxpayers. It has the ability to link expenditures to risk-based assessment of need and expertise. It allows that expertise and institutional knowledge to be housed in an organization. It can direct investments to be made in better enforcement or better oversight and better outcomes.

Currently, creating a delegated administrative authority involves invoking the Safety and Consumer Statutes Administration Act. Through the act, cabinet can assign parts of or the whole of legislation to be delegated in the creation of delegated administrative authorities. In last year's budget bill, schedule 11, Delegated Administrative Authorities Act, 2012, that schedule offered to create a streamlined regulatory process for creating DAAs. Amendments to schedule 11 effectively neutered the ability of that schedule to achieve that outcome.

To reiterate, what I'm here to ask for today is for reconsideration of schedule 11 and its reintroduction into this budget bill. This addition would allow the creation of DAAs through regulation, would allow the minister to assign objects to the DAAs, would create accountabilities to the minister and would allow this particular proposal on end-of-life vehicles to better protect the environment and drive good economic outcomes in both the automotive recycling and automotive manufacturing sectors.

That's really the ask today, to reintroduce the original draft of schedule 11 in last year's budget bill into this budget bill.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you, Usman. Eight minutes left—Michael? Cindy?

Ms. Cindy Forster: Thank you for being here today. So what are the experiences of other jurisdictions, other provinces around the auto manufacturing and end-of-life issue for vehicles?

Mr. Usman Valiante: British Columbia is the only province in Canada to have a standard for end-of-life vehicle recycling. One of the things that they're noticing in having that standard is the ministry is tasked with enforcement. Again in BC, the ministry is strapped for cash. All governments today are seeking to balance books. BC's finances are not in great shape, and so what they're finding is that this higher environmental standard is unevenly applied across the sector, so it causes dislocations because you have diligent players that are meeting the standard and then you're having the fly-by-night recyclers that are just pulling vehicles into a field and stripping them down, and the ministry is not pursuing them.

Having a standard is great, but you need to have a means to administer that standard and make sure that standard is being enforced, and that the organization that's doing that is accountable to the minister for the outcomes that he set forth. I think that's the experience there.

Quebec is looking at bringing in producer responsibility for end-of-life vehicles. One of the points that the vehicle manufacturers have made is that absent a standard for recycling, holding producers responsible for the recycling of vehicles is effectively impossible because they don't have the ability to interact with a regulated market.

I think the first step is standards and oversight concurrently, and then you start to look at continuous improvement, and it gives a forum for both the minister and the industry to figure out where that improvement in recycling needs to occur over time.

Ms. Cindy Forster: Thank you.

Mr. Michael Prue: The last statement you made puzzled me somewhat. You talked about how schedule 11 of last year's budget ought to be incorporated into this year's budget.

Mr. Usman Valiante: Yes.

Mr. Michael Prue: Wasn't schedule 11 enacted in last year's budget? I don't know what schedule 11 actually is.

Mr. Usman Valiante: Well, schedule 11 is the—let me read it to you—Delegated Administrative Authorities Act, 2012. It was enacted, but it was amended before it was enacted, effectively to render it ineffective, in my opinion. Things like any substantive changes that would be made would have to be taken to the Legislature for a vote.

There were things that were introduced into that schedule that render it ineffective, and I think, as originally drafted, it would have allowed the expedited—and I'm not using the word "expedient," but "expedited"—establishment of delegated administrative authorities. So rather than having to amend the parent act to create a delegated administrative authority, you could create them through regulation. That ability to do that was effectively neutered by the amendments that were made last year.

Mr. Michael Prue: So you would want it to be reintroduced into this budget bill as a new schedule, as it was before amendment.

Mr. Usman Valiante: Originally drafted—and I'm not saying that committee shouldn't take a look at it again, but I think the way it was originally drafted would have allowed it to meet the intent, which was to establish delegated administrative authorities when needed in a way that was accountable to the minister, but didn't require the Legislature to intervene every time there was going to be a substantive change to how that delegated administrative authority operates.

Mr. Michael Prue: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Very good. Anything else, Cindy?

Ms. Cindy Forster: No.

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

Mr. Usman Valiante: Thank you.

The Chair (Mr. Kevin Daniel Flynn): With your co-operation we've managed to move about 25 minutes ahead of ourselves. We've tried to get a hold of the 11:15 delegation; we've been unable to, so we'll just recess until these folks show up. If you'd stay close once they get here.

The committee recessed from 1052 to 1053.

ONTARIO UNDERGRADUATE
STUDENT ALLIANCE

The Chair (Mr. Kevin Daniel Flynn): Amir and Rylan, make yourselves comfortable. Take your time. We're just coming back from recess, so just get comfortable. You get 15 minutes; use 10 minutes any way you want. Leave about five minutes, if you can, near the end. The questioning will come from the government side this time.

Let's call back to order, then. We've got the Ontario Undergraduate Student Alliance before us. Amir and Rylan, the floor is yours.

Mr. Rylan Kinnon: Thank you very much.

Mr. Amir Eftekarpour: Thank you so much. Good afternoon. My name is Amir Eftekarpour and I am the president of the Ontario Undergraduate Student Alliance, or OUSA, as we very affectionately call it. We represent over 140,000 undergraduate students at seven universities in Ontario.

OUSA advocates for a more accessible, affordable, accountable and high-quality post-secondary system in Ontario. Day to day, I'm also the vice-president, external, at the University Students' Council at Western University where, on Tuesday actually, I will be graduating with a degree in political science.

Mr. Rylan Kinnon: And I'm Rylan Kinnon. I'm the executive director of the Ontario Undergraduate Student Alliance. I completed my master's in public administration at Queen's last May and I completed my undergraduate degree in 2010 at U of T, where I studied political science, philosophy and history.

Mr. Amir Eftekarpour: I'd like to thank the committee for providing us with the opportunity to present to you today our comments on the 2013 provincial budget. We will focus on the importance of the youth jobs strategy and how it can be used to improve employment opportunities for post-secondary students and recent graduates. We will discuss the need for a continued focus on access to post-secondary education, recognizing that expanding access to post-secondary education is the best long-term jobs strategy. We will also discuss the budget's commitment to addressing flat and deferral fees, and lastly, we'll discuss important priorities of students that this budget did not address.

Mr. Rylan Kinnon: As we said, we'd like to start by discussing the youth jobs strategy. Students welcomed the announcement of the jobs strategy in the 2013 budget as it actually was one of the recommendations that we made in our 2013 pre-budget submission, which we shared with the committee in March, Unlocking Student Potential.

Students are increasingly concerned about employment, and these concerns come in two primary forms—first of all, in terms of finding high-quality work in study and in the summer to help afford the costs of their post-secondary education as well as gain meaningful experience; and of course, students are concerned about the employment opportunities that will be available to them upon graduation.

Summer and in-study employment are the first things we'd like to talk about today. Not only do they help students cover their educational costs; they can also provide students with valuable work experience that helps them improve their prospects upon graduation. However, the impacts these experiences will have on a student's postgraduate outcome depends on the quality of the work and how related the work is to their field of study.

Summer employment is a particular concern to students this year, as last summer Ontario had the second-worst summer on record for student unemployment. For many, this meant that they had difficulty affording their post-secondary costs, and this is particularly problematic because the Ontario Student Assistance Program assumes that every student will earn $3,000 during the summer, whether they earn $200, $2,500 or not.

Because of this, students believe that a youth jobs strategy must focus on improving summer employment opportunities. Ideally, the strategy should help to incentivize employers to create more positions and more high-quality positions for summer employment.

One option that should be considered is to increase the value of the Ontario summer jobs strategy wage subsidy. We believe that by doing this it will incentivize employers to create more positions and, again, ideally higher-quality positions that will improve their postgraduate employment outcomes.

Mr. Amir Eftekarpour: Summer employment is incredibly vital. Also, as someone who has worked during the school year—this past school year—in-study employment is also incredibly important and near and dear to my heart.

To address students' employment needs during their study and their postgraduate outcomes, the government should make investments to expand experiential learning opportunities.

Experiential and work-integrated learning opportunities provide a number of benefits to students. Studies have shown that students who participate in these programs are far more likely to graduate, have more opportunities to interact with faculty on an informal basis and use wages earned during their work terms to fund their education.

Students also benefit from experiential learning upon graduation, as it provides them with hands-on experiences and skills that employers are looking for.

One form of experiential learning that is particularly beneficial is co-operative education. Its value is best demonstrated by the fact that co-op grads have better postgrad earnings and employability than non-co-op grads. Much of this can be attributed to the networks that co-op grads develop and the practical experience they gain in their placements.

Unfortunately, in Ontario, demand for these placements far outstrips supply. To address this issue, students recommend that the government consider using the youth employment fund to improve and expand the co-operative education tax credit to incentivize the creation of more co-op placements for students.

In all, an investment through the youth employment fund to provide more experiential learning opportunities would help the fund meet its aim of providing students with an opportunity to learn life and work skills while earning income, as well as find entry into long-term employment.

The government has also identified that one purpose of that youth employment fund is to provide hiring incentives for employers to provide an entry point to that long-term employment. Students are happy to see this commitment, as many students are increasingly concerned about postgrad job prospects. Students believe that the fund should provide incentives to employers to both hire and train recent graduates.

Unfortunately, recent reports have identified that employers are less willing to invest in training employees. This unwillingness has had an impact on student employability. An investment of this kind will help get graduates into higher-quality jobs faster, as well as encourage a shift in business behaviour to once more bear some of the responsibility for training Ontario's workforce.

Mr. Rylan Kinnon: As we've said, students are very supportive of the investment in a youth jobs strategy. Students believe that it has the potential to have a significant impact on youth employment in this province. We hope that it can contribute to Ontario's youth employment needs in the areas that we have discussed today.

However, students also believe that one of the best possible long-term employment strategies continues to remain investing in post-secondary education and, in particular, investing and increasing access to post-secondary education.

Often, in our worrying about youth unemployment, we ask what post-secondary institutions are doing incorrectly to contribute to the problem. However, what we often miss out on is that youth unemployment is actually created, as well, by unequal access to post-secondary education.

Consider this: 28% of youth who didn't complete high school were unemployed in 2012 compared to only 11% of youth who had received a post-secondary education. This is particularly concerning given that so many marginalized populations never make it to post-secondary in Ontario. This includes lower-income Ontarians. This includes aboriginal Ontarians. This includes Ontarians with a disability and, as well, first-generation students whose parents did not attend post-secondary.

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These groups face informational and financial barriers that make post-secondary education appear to be out of reach. Targeting investments in student financial assistance can help to increase these groups' participation in post-secondary and, in doing so, have a significant and long-lasting impact on youth employment in this province and on the province's economic health as a whole.

Ontario's high university participation rate is something to be proud of, but it must be recognized that our universities are still far more populated by students with means than those without. For a society concerned with equality and economic growth, we must remain focused on ensuring that all Ontarians have access to the benefits of post-secondary education and make investments to help achieve this end.

Mr. Amir Eftekarpour: The budget has significant implications for students' employment, both in study and after graduation. It also can make meaningful contributions to their academic and financial well-being during study.

On top of the commitments to student employment, the government has provided more information on their intentions for the new tuition framework. Students appreciate that the budget identified the government's intention to address flat fees by coming up with a new definition of what a full course load is. Students have long advocated against flat-fee billing systems, which charge students full tuition beyond a certain course threshold, no matter how many courses they actually take beyond that threshold. This threshold is as low as 60% of a full course load at schools such as U of T and 70% at Western, back home. This forces students to pay for education that they do not receive and increases costs for students who, due to family or financial responsibilities or a disability, may need to take a lower course load. Students ask that the government require all institutions to charge tuition fees on a per-credit basis. It is a more logical and simply more fair system of charging that does not disadvantage students that we should providing more, not less, support to, as flat-fee systems do.

Also, the budget committed to creating a fairer approach to deferral fees and, in particular, ensuring that OSAP students do not pay tuition before their OSAP funding arrives. Students have long been concerned about billing methods in place at universities that lead to students who cannot pay their tuition fees by earlier and earlier deadlines being forced to pay an additional financial penalty. That penalty is to allow them to hold off on their tuition until their OSAP arrives.

This is something that I have faced myself at Western, where we have the earliest tuition deadline in the province, August 3, a full month before OSAP comes in. My peers at Western and friends and peers at member schools around the province have expressed that the system should be more flexible to students' financial situations and, again, should not increase costs and penalties for students who already have the highest financial need.

Students also strongly believe that all students should be able to pay their tuition on a per-semester basis, recognizing that many students work throughout the year to fund their studies.

Mr. Rylan Kinnon: The final thing that we wanted to discuss was some of the issues that we believe still need to be addressed that were not raised in the budget. When we last presented to the Standing Committee on Finance in March, we discussed the issue of poor credit transfer in Ontario and the implications this has for students and the implications this has for the government. This has an access implication for students in the form of students not being able to follow a pathway that is most amenable to them and not having those pathways facilitated, but there are also cost implications for students in repeating courses and cost implications for the government as well. Our recommendations on credit transfer have no cost to the government but will have a significant impact on this issue.

Poor credit transfer is costly to students and the government for a simple reason: If a student takes a course more than once, they're paying for the same learning to take place. The government funds institutions on a per-credit basis, so if that student takes the same basic course at two institutions, the government has paid twice. If poor credit transfer leads to a student taking longer to complete their degree, then the government's costs, again, increase, because the government provides financial assistance to a number of students in the province.

Credit transfer improves access because some students may start in one geographic location and decide to move. They may be forced to move because of family issues. They may start at one type of institution and decide they need to move to another. If none of that prior learning is recognized when they choose to move, then they must start again. This might mean that they don't ever complete a post-secondary credential or it may mean they never reach the credential that they hoped to achieve.

That is why we recommend that the government require all universities in Ontario to accept all first- and second-year credits from other universities in Ontario. This will save students and the government a significant amount of money. It will help Ontario catch up to other jurisdictions, both in Canada and internationally, who have made far more progress on this issue than we have. Finally, it will significantly improve the accessibility of our post-secondary system.

We look forward to continuing to engage with the government on this issue in the months to come.

Mr. Amir Eftekarpour: We'll conclude. Thank you so much for the opportunity to present to you today to speak about the importance of post-secondary education to Ontario's economy and students' employment needs, including fairness in how we charge our students. We welcome any questions you may have.

The Chair (Mr. Kevin Daniel Flynn): Thank you. You've left time for maybe one question. Dipika?

Ms. Dipika Damerla: I just wanted to thank both of you very much for a very comprehensive, very articulate presentation. Personally, I agree with a lot of what you've presented, so thank you very much.

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

The Chair (Mr. Kevin Daniel Flynn): Thank you for coming today. Thank you for appearing early.

That, ladies and gentlemen, is our last delegation. We're going to adjourn, unless there's any other business. I'm assuming there isn't. We're going to adjourn the committee until 9 a.m. on Monday, June 10, 2013, for clause-by-clause consideration of Bill 65. Once again, a reminder: The deadline for amendments is tomorrow at 5 o'clock.

Mr. Michael Prue: In person.

The Chair (Mr. Kevin Daniel Flynn): In person. It's the official copy.

The committee adjourned at 1106.

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