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Thursday 22 January 2015

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des débats
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Jeudi 22 janvier 2015

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

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

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Thursday 22 January 2015

Jeudi 22 janvier 2015

The committee met at 0900 in the Ottawa Marriott Hotel, Ottawa.

PRE-BUDGET CONSULTATIONS

The Chair (Ms. Soo Wong): I'm going to call the committee meeting to order. I believe the first witness is already at the table.

I'm informing everybody here today that for the witnesses, the first 10 minutes of your presentation are followed by five minutes of questions from the committee members. This round of the questioning will begin with Ms. Fife from the official third party.

Just to let members know: English is on channel 0 and French is on channel 2.

AIR TRANSPORT ASSOCIATION
OF CANADA

The Chair (Ms. Soo Wong): Sir, if you could begin by identifying yourself and your organization, the Air Transport Association of Canada. Welcome.

Mr. Michael Skrobica: Good morning. My name is Michael Skrobica. I am the senior vice-president and chief financial officer of the Air Transport Association of Canada. I'll refer to it as ATAC, by its acronym.

The organization was founded in 1934 and it represents commercial aviation in Canada. It has 180 members Canada-wide; 76 of those are located in Ontario. Members range from airlines serving both scheduled and chartered service; cargo operators; specialty operators, which would include aerial spray, geophysical survey and air ambulances; and flight training units or flight training colleges.

The association is pleased to comment on three finance issues which are of particular concern to our membership. These three issues are: the increase in aviation fuel tax that occurred in the last budget. Fuel costs are usually the second-largest operational cost after salaries for air transport and, as such, are of material concern to air operators. The second issue that I'll talk to is the application of the proposed Ontario Retirement Pension Plan, the ORPP, and the third is the speculation about the possibility of the province introducing a carbon tax or a cap-and-trade arrangement.

With regard to the aviation fuel tax increase that occurred in the last budget, our association believes that

the planned increases will render Ontario businesses uncompetitive. Communities in remote areas will be harmed by higher costs for essentials and health care. The expected recoveries will be less than estimated.

One of the concerns that we have is that the uncompetitive tax rates vis-à-vis neighbouring jurisdictions are not in line with what is being charged by other jurisdictions. I believe most of you have my notes. In appendix A there's a breakout of all of the neighbouring jurisdictions, those jurisdictions that border on the province of Ontario. There's a clear indication that the rates, even today, but certainly when the full effect of the staged increases to the aviation fuel tax take place, will be multiples of what the neighbouring jurisdictions have in place. From our perspective, this will encourage something called tankering: People will buy fuel in neighbouring jurisdictions and use it for operations between those neighbouring jurisdictions and the province of Ontario. This will reduce expected revenues and negatively impact fuel sales within the province of Ontario. It will reduce the fuel tax that you expect to collect and the HST collections that would be also applicable on those fuel taxes.

The second point is: Approximately 39% of students at Canadian flight training schools are from foreign origins. They have the ability to choose where they will be trained. Canada is an excellent location—very competitive—because it's much cheaper to get a private pilot's licence or a commercial pilot's licence here in Canada than it is in foreign jurisdictions, particularly in Europe but also in countries that are experiencing large growth in their aviation sectors, like China and India. Ontario flight schools will be at a cost disadvantage vis-à-vis competitors in other provinces. This will accordingly negatively impact both employment and personal income tax, along with HST collection within the province.

Even prior to the increase in the aviation fuel tax, consumers were driving to neighbouring locations outside of Ontario, such as Buffalo, Detroit, Syracuse and, for people here in Ottawa, Ogdensburg, to begin their journeys. Canada-wide, the total number of such passengers ranges from four million to six million passengers. We would estimate that 60% of this amount (2.4 million to 3.6 million passengers) would originate from Ontario. Increasing fuel taxes on aviation will drive even more passengers to cross the border. This, in turn, will

negatively impact upon employment, provincial income taxes and the HST that the province expects to collect.

Communities in remote areas of Ontario rely upon aviation to provide not just transportation for themselves but also their sustenance: their food and groceries. If you live in some of the communities in northwestern Ontario or along Hudson or James Bay, there are no roads into those locations. To many of those locations, there is no rail. Aviation is the only means to get food and groceries into those locations. As well, most of these remote locations look to travel as a means to access our health care systems because hospitals and specialists are not available in those communities. This tax increase will negatively impact upon those people's ability to exist in those remote areas.

The Ontario Retirement Pension Plan was introduced, though the details are still being worked on, in the last budget. Most of the airline members of ATAC maintain pension schemes for their employees. There is, however, a tradition in the flight training communities, the flight schools, that pension plans are not maintained for staff. This tradition comes about because flight instructors are seen as an entry-level position, akin to an apprentice. Instructors gain valuable flight time, which enables them to move on to better-paying pilot jobs at airlines. Most flight schools are small, marginal operations which could ill afford a 4% increase in wage costs, which is usually the largest operational expense that a flight school will face.

Finally, the carbon tax: In June 2012, the government of Canada and the Canadian aviation industry developed Canada's Action Plan to Reduce Greenhouse Gas Emissions from Aviation. In line with broad international consensus, the action plan sets a goal to improve fuel efficiency from a 2005 baseline by an average annual rate of at least 2% per year until 2020. The aviation industry in Ontario does not need a carbon tax to spur efficiency. Transport Canada's full-cost accounting project for transportation modes clearly indicates these modes that require corrective action, and aviation is not one of them.

0910

Our recommendations are:

- (1) Defer any further increases in aviation fuel taxes.
- (2) Exempt flight schools from the Ontario Retirement Pension Plan requirements.
- (3) Do not impose a carbon tax or a cap-and-trade scheme upon aviation in the province of Ontario.

Thank you, and I'd be pleased to take questions.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much, Michael, for coming in and sharing your concerns.

With regard to the aviation fuel tax increase, at the time it was introduced in the last budget, the messaging around it was that the industry could handle the increase and it would have minimal impact on businesses across the province. Can you speak more to what your members are hearing?

Mr. Michael Skrobica: From our standpoint, we believe that type of messaging was incorrect and misleading. From our standpoint, if you look through the various sectors within our transportation mode, we already had a problem before the last budget with regard to passengers moving across the border. We believe that you're looking at about 5% of the total market going to foreign locations to start their flights. We believe that is a wrong-headed move. You're not encouraging employment or economic transactions within the province; you are forcing them outside. It's a simple ride to go from the GTA into Buffalo. Likewise, for southwestern Ontario, the drive down to Detroit is pretty common, and we've got concerns here in eastern Ontario about people going to Syracuse and Ogdensburg. Why are we forcing business outside of the province?

Likewise with flight training, a very substantial amount of the business of these schools is foreign-originated, and as a consequence these people have an option to go to other Canadian flight schools, whether they're in Vancouver or in Manitoba or in the Maritimes. It makes no sense to drive business away and lose other revenue sources for the province by way of HST, personal income taxes etc. within the province, and force it to go to other locations.

Ms. Catherine Fife: This concept of "tankering"—this is the first time I've heard about this. Could you talk a little bit more about that consequence?

Mr. Michael Skrobica: I'm sure you'll be glad to know that all planes carry more aviation fuel than they need.

Ms. Catherine Fife: Yes. Well, we just travelled from Fort Frances to Sudbury, so we've been talking a lot about gas, actually, in planes.

Mr. Michael Skrobica: Yes. There is capacity for the air carriers to purchase their gas in other jurisdictions, whether it's the province of Manitoba or Quebec, which for international flights has zero rating, and all of the US locations which are lower than the Canadian locations. It's very possible that you'll be seeing a lot of fuel being purchased outside of the province and moved across the border. This hurts fuel sales within the province. You don't collect the HST that you're already collecting or expecting to collect there. It's going to eventually hurt employment within the province of Ontario.

Ms. Catherine Fife: Thank you. One final question—

The Chair (Ms. Soo Wong): One minute.

Ms. Catherine Fife: We don't really know what the carbon tax is going to look like, or carbon pricing; we haven't seen that impact. But why do you make a case—at least you're trying to make a case here—that the industry is already ahead on a conservation basis? Can you speak a little more about that, please?

Mr. Michael Skrobica: I believe, back in about 2007 or 2008, Transport Canada did a full cost accounting on transportation modes. The most efficient was intercity bus, but the second most efficient method of transportation was passenger air transport. The least efficient method was personal motor vehicles.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, sir.

Ms. Catherine Fife: Thank you, Michael.

The Chair (Ms. Soo Wong): Thank you for being here today.

ALGONQUIN COLLEGE

The Chair (Ms. Soo Wong): Our next witness is from Algonquin College: Cheryl Jensen. Welcome. Come on up.

Interjection.

The Chair (Ms. Soo Wong): Thank you. Yes.

So, as you heard, you will be given 10 minutes for your presentation, followed by five minutes of questioning, this time from the government. Please identify yourself for Hansard purposes. You may begin at any time.

Ms. Cheryl Jensen: Thank you. Good morning, everyone. I'm Cheryl Jensen. I'm president of Algonquin College here in Ottawa, Ontario.

Thank you for this opportunity to represent Algonquin College and its eastern Ontario sister institutions at this very important consultation. Our goal is to help inform a budget that will make fiscal sense for the province and harness the full potential of the unique post-secondary educational experience colleges have to offer.

The practical focus of college education delivers demonstrable, material benefits to the province, its communities and the economy, yet funding constraints and certain policies impede colleges' ability to fully deliver on the parts of their mandate that are most uniquely valuable.

To help the province meet its goals, to help us better address the needs of our students and give them the most current, effective and practical education possible, we need the freedom and flexibility to be entrepreneurs. We need the mandate to think differently about the business of college education, about the global marketplace we're competing in, and we need the support to be as innovative and creative as we ask our students to be. That may mean a new approach to both funding and the policies and guidelines we work within.

Just a bit on the links to the provincial priorities: The government of Ontario has made it a clear priority to build a skilled workforce. As the province's colleges, we share that goal. It is embedded in our focus on applied learning.

At Algonquin, for example, we ensure our programs provide the applied knowledge and skills employers need today and will demand tomorrow. In 2012, we performed an analysis of the labour market to identify trends and growth opportunities. We've used that information to inform our planned growth, and we are now on track to offer more than 50 new programs in our credential offerings.

Our college-wide quality assurance process continually reviews our curriculum and program mix to ensure we continue to offer what students and employers need. I

am pleased to say we have achieved high ratings and are planning on extending this review to focus on hybrid and online courses as well.

Our work at Algonquin—and I know it is the same at other colleges in our region—also strongly supports the government's commitment to ensuring a fair society. We strive to attract and support a diverse student body, extending post-secondary educational opportunities to as broad a pool of learners as possible. We're proud of the ways we support the province's goals. We know we can do even more with the government's help, ensuring we make the most of every available opportunity.

What kind of help do we need? Like all of the colleges in Ontario, our fiscal pressures have a direct impact on our students. For example, apprenticeship programs are fundamental to our education model, providing our students with the opportunity to apply their skills in the field, while connecting them with potential employers. But funding for apprenticeships has not increased since 2009. When adjusted for the cost of living, that means that funding has decreased. Unless a program is twinned to another post-secondary institution to share equipment or other programs, we are operating many of these programs at a loss.

Innovation and applied research: At Algonquin, we pride ourselves on being a leader in innovation and applied research led by an engaged and talented core of faculty who have created hubs of expertise that address the needs of local industry. We've always felt this was important, not only for the benefit it provides local businesses and industry, but also for the learning opportunities for our students.

0920

The impact on industry is tangible. For example, we've helped Impakt Protective create a Bluetooth sensor for hockey players to help monitor concussions by relaying information on head trauma to coaches on the bench.

We've also worked with HousAll, an emergency rapid shelter company, to accelerate their commercialization by one and a half years. This allowed them to deploy shelters to Haiti after the last earthquake, and we helped send students and staff down to provide training on set-up.

These kinds of experiences have given our students invaluable exposure to innovation and applied research through hands-on experience, helping them enter the marketplace with the right skills and expectations.

It's important to note that this work on applied research is supported not by the province or by industry, but rather out of Algonquin's own funds. While the province provides innovation funding, it's primarily geared to universities, and the benefits are typically the greatest for faculty. Nevertheless, applied research is mandated as part of the college system, without funding to support it.

Capital funding is essential for the growth of colleges, as well, bolstering our ability to attract new students and provide the facilities and tools for a comprehensive,

workforce-ready education. The perhaps counterintuitive thing about capital spending is that it can produce a strong, measurable return on investment. New and improved facilities, for example, can provide significant ROI through redesigns that optimize the efficiency of existing square footage, reducing heating and energy requirements, streamlining cleaning and maintenance, and more.

We're working to seize these kinds of opportunities at Algonquin; for example, through our very notable partnership with Siemens Canada. The company is working with us to implement a wide variety of energy-savings measures, leading to almost \$4 million in energy savings every year. Those savings will be directed towards addressing our deferred maintenance needs, which I'll speak about in a moment, reducing the burden by up to \$20 million.

I want to pause, though, and suggest that the very definition of "capital" used by the province for budgeting is outdated, if I could say so, as it focuses only on our physical facilities. The evidence all around us is that the future is digital. IT infrastructure should be considered capital as well. It truly is infrastructure and indispensable to 21st-century education. Directing capital investments towards mobile and online learning could dramatically increase the quality and service capacity of college programs. Algonquin's digital college initiative is an excellent case in point, and I do acknowledge and applaud the province for supporting it. Two thirds of the funding for the digital college initiative was provided by the province.

We realized early on that while we're always looking to expand our offerings and reach more students with more programs, we can't keep building buildings. We don't have the funding. We don't have the space. But that doesn't mean we can't expand our offerings through online and mobile programs, reaching more students while focusing on upgrading our existing facilities, rather than expanding our physical footprint.

Today, as a result of that initiative, Algonquin has almost 30,000 registrations in online courses and programs, with 72,000 more in hybrid physical and digital programs. These extensions of our offerings have allowed us to accommodate many more students than physical, classroom-based learning would have allowed us to do on its own. We have the highest per capita student body relative to physical space of any college in the province.

I want to mention deferred maintenance, if I can. A further area of concern for us and all colleges and will be, I'm sure, emphasized by Linda Franklin, for colleges around our region in particular, is the issue of deferred maintenance liability. While the issue has been addressed in previous budgets, the level of support isn't currently sufficient to meet impending challenges. Our deferred maintenance liability has doubled over the last four years, from \$40 million to \$87 million. This is due to the aging of our facilities. Those built in the mid-1990s are now reaching 25 years of age, a point at which systems and

infrastructure begin to fail. Our current funding has not allowed us to maintain these facilities to the required degree, and the wear that has begun to show directly affects our ability to provide a world-class education. A roof leak in one of our buildings has directly affected our language learning institute. The complete replacement of a failing HVAC system in another building over the course of eight months caused significant disruption to several classes.

Our estimates suggest we will require a one-time investment of \$52.3 million to reduce our deferred maintenance liability back down to \$35 million, and an annual investment of \$14 million to maintain that level. These are significant amounts. New funding is needed to address this issue, as the problem will only be exacerbated over the coming years.

If I can speak for a minute to international: Despite the fiscal pressures and challenges we face, there are a number of opportunities for growth, for colleges to become increasingly self-sufficient and less reliant on public funding. Taking our expertise overseas is a fantastic opportunity not only to help provide vocational and trade education in underserved countries, but also to take steps towards financial stability here at home. A number of markets around the world have shown high demand for the type of education colleges like Algonquin can provide, and working in those markets can fulfill their needs while improving our sustainability.

Currently, the province's international student recovery fee serves as an impediment to seizing the international opportunity in full. The fee, as you likely know, adjusts operating grants based on the number of students served internationally, and is a deterrent to some jurisdictions that might otherwise look to Algonquin and other colleges for educational services. Ideally, colleges like Algonquin should be self-sufficient, and exploring international opportunities can be a major step towards this goal.

The Chair (Ms. Soo Wong): Ms. Jensen, can you wrap up your presentation? Thank you.

Ms. Cheryl Jensen: Yes, I can.

Funding will always be limited, but allowing colleges to seek out new revenue streams like international education always gives us ways to improve.

Working together with the province, we know that we can find the right balance between fiscal responsibility and an investment in the next generation that provides dividends for years to come.

Thank you so much for allowing me to bring these issues to the table today.

The Chair (Ms. Soo Wong): I believe Ms. Hoggarth will begin the questioning to you, Ms. Jensen.

Ms. Ann Hoggarth: Good morning.

Ms. Cheryl Jensen: Good morning.

Ms. Ann Hoggarth: I'm from Barrie. We have Georgian College in Barrie, and it's a wonderful community partner.

Representatives from the Barrie construction industry were in to visit me just last week and told me that they

need more skilled workers. I know that your college does a wonderful job of educating those workers, and our government knows how valuable this contribution is to the productivity and the economy of the province. Thank you.

Ms. Cheryl Jensen: Thank you.

Ms. Ann Hoggarth: Also, I know that many of the colleges are looking to add diploma/degree programs and are introducing more programs working towards productivity, innovation and entrepreneurship, and many are doing this through partnerships. Our government welcomes all of these initiatives. We love the words “partnership” and “innovation.” That’s very important, and that’s the direction we should be going.

I have a question for you: What tangible results have you achieved at Algonquin College from the funding made through Ontario’s Productivity and Innovation Fund?

Ms. Cheryl Jensen: The Productivity and Innovation Fund, at Algonquin, has been critical for our digital strategy. If you talk about apprenticeship, or all of our programs, it’s all about access. We know that we have students who come to Algonquin through that Productivity and Innovation Fund who wouldn’t have been able to enter into our programs otherwise: single moms at home or people who are working and looking to improve their education. It’s because of our digital strategy and our focus on connecting our learners to the college. That’s what we’ve been using those funds for, and we’re very grateful for that.

Ms. Ann Hoggarth: Also, two years ago you got a new \$79-million building?

Ms. Cheryl Jensen: Yes. If you take a look at our construction building—and this would certainly be key to the questions that you’re asking and the focus on trades—our construction excellence centre really marries apprenticeship programs, degree programs and diploma programs into one facility where they can all work together, as they would in the workforce. The building is a LEED Platinum building, so we’ve used sustainability as one of the key principles. I think you’ll see that at all of the colleges. The use of the Productivity and Innovation Fund has allowed us to do that.

Ms. Ann Hoggarth: Great. Thank you very much.

The Chair (Ms. Soo Wong): Are there any more questions from the government side?

Thank you very much, Ms. Jensen, for your presentation.

Ms. Cheryl Jensen: Thank you very much for this opportunity.

0930

MR. ROBERT ARMSTRONG

The Chair (Ms. Soo Wong): Our next witnesses are Robert Armstrong and Lisa Swant. Good morning. Welcome. Do we have the microphone close enough for you?

Mr. Robert Armstrong: Please wait a moment.

The Chair (Ms. Soo Wong): I just want to make sure the microphone is close enough. I think staff is going to double-check.

Mr. Robert Armstrong: It’s fine. I’ve been here before. Just be patient.

I’m going to take my jacket off. It’s cold outside, as you know.

The Chair (Ms. Soo Wong): Yes. It’s minus 9 today, I think, minus 10, something like that.

Interjections.

The Chair (Ms. Soo Wong): Good morning.

Mr. Robert Armstrong: Good morning.

The Chair (Ms. Soo Wong): Sir, can you identify yourself for the Hansard—yourself or the organization you represent?

Mr. Robert Armstrong: I don’t know what you want to know, but I was here before, in March 2013. I raised some issues. Regrettably, not much was done about it.

You’re here on a rather memorable day. It’s three months today that the young man was shot at the cenotaph. That’s the sadness. On a lighter moment, I’ll quote Marshall McLuhan, who said that Ottawa was the tomb of talent, the fount of dollars and the snorkel centre of underwater thought and orders-in-council. So you can take that with you.

My name is Robert Armstrong. I was for many, many years assistant deputy minister of the Department of Labour, among other things.

Anyway, I want to thank you for this opportunity. To my left is Lisa Swant, who is the executive director of a group called Libra Seniors Services. My dear nephew is here helping. He’s a scholar, among other things.

I have a very short presentation, and I want to thank you for coming to this wonderful city. You don’t have to skate, by the way; it’s not mandatory.

Obama affordable health care has been ruled constitutional, as you know, at the Supreme Court. However, it continues to be challenged by some states. We are here to challenge the tax regime as it relates to health care. As the Globe and Mail recently put it, “Tax policy might seem obscure, but it can and should be used to make society more equitable.” The US system is very complex. By comparison, ours is simple and direct. However, it has to be acknowledged that there are significant gaps.

There is no provision for long-term care, and I think it’s pretty obvious by my getting in front of you that I probably need long-term care. In Ontario, it’s provided on an ad hoc basis: some public, some private. There appears to be some bias, more towards the institutional side.

There are two components that we want you to consider. They are home care and related medical support. Now, what do we mean by home care? I’ll just recite from an earlier paper. With age there comes a loss of mobility, although some basic tasks can be performed. “However, with the onset of some disability, problems of balance and the risk of falling require support and help in the home....

“The support required for thousands” of people in Ontario “is not every day but perhaps two or three times

a week, to assist with bathing, changing linen, doing a wash, helping with basic housekeeping, and then changing a dressing. In addition, accompaniment is required for shopping, medical appointments or exercise classes.

“For those who have the means, these services are available privately. They are not readily available publicly, and where they are, they are subject to change” and threatened to be discontinued on very short notice.

You’ll notice that the government has cut back on child care. Cuts are regularly—the public side gets cut first thing.

What do I mean by “medical”? Medical appointment; doctor and wellness; emergency assessment; nurse advocate; hospital visit follow-up; hospital visit drop-off; discharge from hospital. You might wonder: What’s medical? Well, if that’s not medical, I don’t know what is.

Let me go back to my major notes here. The principal issue is that home care is, in fact, health care, and it’s being taxed. Care is considered a service in the same way as getting your car washed or your hair coloured. Before the government changed, McGuinty was still in office. I called his office one day. They said, “Well, it’s a service.” I’m repeating: It’s not getting your car washed or your beautiful hair coloured—and some of you have beautiful hair colour. It’s not a service in that sense. It’s shocking the way venerable seniors are being treated.

On the personal income tax side of an income of approximately \$75,000, the offset, the refund is 1%, \$750. On the home care side, expenses of about \$25,000, I received an offset of less than 5%, about \$700. These expenses are not taken out of the sky; they are real and they’re well documented. My friend here is the executive director of Libra services centre. They don’t fool around. There’s no padding in that. These are real expenses.

Also, you should understand that the monies paid to our caregivers are taxed in their hands. It’s not a giveaway. I get very little offset from government. What I pay is taxed in the hands of my caregivers. There’s something very, very wrong in that. It’s difficult to see the fairness in this. Mrs. Wynne talks about fairness. Very well.

We helped put the country together, and we’re being pushed aside and treated in a very shabby way. You may think that’s hard stuff, but that’s how I see it. Governments are, in fact, taxing health care at the provincial and federal levels. HST on the one hand—I know that’s a joint thing. You guys are involved.

We are raising substantial grievances that have to be acknowledged, and steps taken to remedy what is, on the face of it, not equitable. The issues affect thousands of people in cities across Ontario. You might want to know. People who unfortunately—or fortunately—live in small hamlets don’t have the access to care that I have. But plenty of urban cities—Ottawa, Kingston, Hamilton, Burlington, Sarnia, Windsor—some of you are perhaps from those cities. How will I put that? It could be a winning political issue, if you were aware and had the sensitivity. It’s fine to build roads. I’m all for roads and

infrastructure; that’s great. But you’re ignoring people like me and others.

This is not a photo op. You’re pushing us to the edge of elder abuse; that’s what you’re doing. Governments are abusing us. We’re a significant portion of the population. I repeat, we helped build the country. I did represent Canada in the ILO, just for the sake of it. I was appointed there by Mr. Clark, who had the wisdom to do that. The ILO is the International Labour Organization. Recently, they did a study of women who control significant assets in the country—in fact, in the world. They concentrated on major enterprises. Women control about 30%. Only 5% of the women are really in direct control of those companies. The ILO said that it would take 100 years for the disparity to be altered, to become even.

0940

You guys don’t have 100 years; none of us have. I’m not going to plead with you, but I’m raising substantial issues, and you’re not doing a bloody thing about it. Is that annoying? Yes. Is it disappointing? Yes. Do I feel abused? Yes. Do I merit that? No.

There are thousands of people like me in Ontario, and millions in the country, and where are we? We are being mistreated by our own governments. If you can explain that to me and justify that—it’s not a sexy issue, all right? I agree with that. We’re not building the pipeline. We’re not extending the railway. We’re not the Ring of Fire people, but we deserve some attention, and we’re not getting it.

I know it’s not at the top of people’s agendas. That’s pretty clear. I read a couple of newspapers every day—maybe too many: the New York Times, the Citizen, Le Devoir, La Presse. I follow what is done very fully.

The Chair (Ms. Soo Wong): Can you wrap up your presentation?

Mr. Robert Armstrong: What’s that?

The Chair (Ms. Soo Wong): Can you wrap up your presentation?

Mr. Robert Armstrong: I can’t hear you.

The Chair (Ms. Soo Wong): I just said, “Can you wrap up your presentation?” Your 10 minutes is completed.

Mr. Robert Armstrong: My 10 minutes is completed?

The Chair (Ms. Soo Wong): Yes, and we want to have some opportunity—

Mr. Robert Armstrong: Well, of course.

The Chair (Ms. Soo Wong): —for the official opposition party to ask you some questions.

Mr. Robert Armstrong: Yes. I’d like them to ask questions, and I’d like you all to take this to heart and act upon it. I was here two years ago, and very little has happened. I’m repeating, it’s not a sexy issue—pardon if I use that term. It’s not a high-profile issue, but it impacts thousands of people in Ontario and millions in the country, and I think it’s unfair. We helped build the country. Mr. Harper says it’s a great country, yes, but there are deficiencies, and I think you should pay attention and act.

Questions? Go ahead.

The Chair (Ms. Soo Wong): Okay. Mr. Fedeli or Mr. McNaughton? Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much for presenting here today, and thanks for everything that you've done in the public service to make Canada better. I wonder if at some point you'd be able to submit your presentation, because I think it would be great to have it documented. I'm sure the Chair may ask for that as well.

Mr. Robert Armstrong: It goes into Hansard.

Mr. Monte McNaughton: Okay.

You talked about HST and health care. I wonder if you could give some examples. You just quickly mentioned it, and I wonder what examples you could provide.

Mr. Robert Armstrong: Well, on expenses of about \$25,000, the HST took about \$3,000. The HST is at 13%, and if the expenses are about \$25,000—the care people work hard, and they have to run an enterprise. They have to pay their salaries. I'm repeating: Everything I pay is taxed in their hands, so it's a double whammy, if you will.

Mr. Monte McNaughton: Right. You talked about home care being taxed. Is your recommendation that the HST be eliminated on home health care services?

Mr. Robert Armstrong: It should be exempt. Listen, I know governments want the money, all right? But it's unfair. The bottom line is that governments are taxing health care. That's what you're doing. Home care is not maid service; it's not housekeeping. I've described what it is. There's lack of mobility, and there are balance problems. You need assistance—not every day; two or three times a week, but it mounts up. It's several thousand dollars. Listen, if you were taking HST at \$200 or \$300, I wouldn't give a goddamn, but it's thousands of dollars, and it's the same with the federal tax. It's as if the \$25,000 is vaporized. You never see it again on your return. They make a calculation, and you get a refund of \$751.19.

Mr. Monte McNaughton: Just so I know: Prior to the HST coming in in Ontario—

Mr. Robert Armstrong: I wasn't that sick then.

Mr. Monte McNaughton: Was health care—did the PST and GST apply?

Mr. Robert Armstrong: What's that, sir?

Mr. Monte McNaughton: Did the PST and GST apply prior—

Mr. Robert Armstrong: Listen, I wasn't in that domain.

The Chair (Ms. Soo Wong): Yes, it was always there.

Mr. Monte McNaughton: I was just curious.

Mr. Robert Armstrong: I'm being totally honest with you. This lack of mobility is fairly recent. When I represented Canada in the ILO, I didn't have any of these issues. I've been surprised, and I wonder how it is that I came to this state. But I'm not alone in that. I can't tell you the history of the HST but I know it's a shared element. Ontario doesn't get all of it; the feds get some. In BC they rejected the amalgamation, the fusion, and

they have a provincial BC tax. They're two different taxes. They have their own, provincial and federal, but we fused them in Ontario. They hid it, in a way. There's nothing harmonized about the tax, I can tell you.

Mr. Monte McNaughton: Okay, just one question: Do you know, since this is the finance committee, what it would cost the treasury?

Mr. Robert Armstrong: A lot of money, but I don't care about that.

Mr. Monte McNaughton: Okay.

Mr. Robert Armstrong: I helped build the country.

Mr. Monte McNaughton: Yes.

Mr. Robert Armstrong: And my colleagues helped build it and we're being treated—we're being pushed aside as if we don't exist. We do exist, and we're angry. We're not on the streets yet.

The Chair (Ms. Soo Wong): Mr. Armstrong, your presentation is up. Thank you so much for your presentation. If there's any written submission, can you please submit it to the Clerk by next Friday, by 5 p.m.? Thank you very much for your presentation today.

All right, our next—

Mr. Robert Armstrong: There's no written—it's being recorded here. If you have the time, you'll read it. I want to thank the people who helped organize and helped me get here—

The Chair (Ms. Soo Wong): Thank you very much.

Our next witness is the Canadian Mental Health Association, Ottawa branch.

Mr. Robert Armstrong: Don't push me out, Madam.

I want to thank all of you for coming here. I want to thank the people who organized the meeting. They all deserve credit. Esther, particularly, was very, very helpful. That all should be recognized.

The Chair (Ms. Soo Wong): Thank you.

Mr. Robert Armstrong: I want you to recognize it, and I want to thank you for coming here, and I'd like you to take it to the table. It's fine. I built your plants, and I don't [*inaudible*] but you're ignoring us. Am I fed up? Yes. Are we going to take it to another level? Yes.

The Chair (Ms. Soo Wong): Thank you.

Mr. Robert Armstrong: You might see a one-page ad one of these days in the papers that maybe you'll have time to read. We need much more public exposure than it's getting, and that's the next chapter. Thank you.

The Chair (Ms. Soo Wong): Thank you. Thank you very much. Your comments are noted.

Mr. Robert Armstrong: Now act upon them.

The Chair (Ms. Soo Wong): It's a collective acting. All right, thank you.

CANADIAN MENTAL HEALTH ASSOCIATION, OTTAWA BRANCH

The Chair (Ms. Soo Wong): I believe the Canadian Mental Health Association folks are here. Thank you. Come on up. Welcome, ladies.

As I said earlier—I believe you sat when I made the introduction—you have 10 minutes for your presentation,

and this round of questions will be from Ms. Fife from the third party. You may begin at any time. Please identify yourselves and your position with the Canadian Mental Health Association. Welcome. You can begin.

Ms. Jennifer Eastham: I wish to thank the committee for allowing us to speak. I'm a volunteer with the Canadian Mental Health Association. I represent poverty elimination and I'm a mental health advocate.

Ms. Christine Gagné: And I'm Christine Gagné. I am with the association for 15 years. I'm the community mental health consultant.

Ms. Jennifer Eastham: Living in poverty is very taxing on one's health. Living on the Ontario Disability Support Program is not easy for several reasons. If you get a rate increase on your ODSP cheque, that raise is clawed back by the social housing authority where you live, and put towards paying rent. Hence, my rent increases every time I obtain a rate raise on the shelter allowance given to me by ODSP. Increase in the rent outside of the shelter allowance rate raise comes out of my personal allowance. I have therefore less money to spend on food. Living on the money we get every month gives us no extra money for any emergencies.

We don't know from month to month if we're going to have enough money to pay rent and hydro. Depending on where you are living, rates can be very expensive. If I didn't have a food bank to go to to get food some months, I wouldn't eat, because I pay hydro costs which increased from \$100 to \$200 per month.

Because I live on ODSP, I can't have my electricity on during the day because the full hydro rate is on. I try to reduce my amount of hydro by turning off my power between the hours of 6 a.m. and noon, and 3 p.m. and 7 p.m. I wear many sweaters to stay warm and not get sick. Because I have underlying conditions where I have to use a CPAP machine, the cost of hydro is even more expensive. My monthly bill can be up to \$250 a month, depending on my daily schedule.

0950

Because of my disabilities and my health conditions, I'm forced to get part-time work. Even with the extra income coming in, I struggle to pay my bills on a regular basis. Some months I end up paying my rent and the hydro first, with whatever is left to pay for food.

The food I buy and receive from the food bank is not healthy. It's full of additives, fats and sugar, and is generally perceived by health professionals as not healthy. I can't obtain healthy foods because it's too expensive and costs around \$250 a month. Fresh fruit and vegetables are not cheap, and if you want to be healthy, you need to buy the more expensive foods. If you have a disability and health conditions that require healthy foods, you can't always eat the food you are given by the food bank. Therefore, it makes it quite difficult for me to stay healthy and to stop the progression of some illnesses.

It is difficult for me to access my local food bank, as it is far and there is little or no public transportation, because I live in a more rural sector of the city of Ottawa. My housing provider is a social housing organization.

I know several people who need special diets but are having a very difficult time to survive because they can't get the right foods for their special needs to treat certain illnesses and conditions like leukemia, hyperglycemia, diabetes, lactose intolerance, avoidance of anaphylactic shock due to food allergies, and access to gluten-free foods. This is because of the cuts in the special diet allowance.

Eating foods that are low in nutrition and/or foods that you need to avoid due to these conditions but have no choice but to buy because of your finances creates grave consequences to those who eat them and shouldn't. Many end up in the hospital, which raises the cost of health care for all and takes up scarce resources and time.

Because there is no community start-up moving allowance anymore, people are unable to move into new apartments because they don't have the money to be able to cover the costs. There are many reasons why people on ODSP and Ontario Works need to move, such as being overhoused in the social housing system, fleeing abusive relationships, neighbourhoods that are unsafe, obtaining an apartment after being homeless, hydro being too expensive, the apartments no longer being affordable, the need for an accessible apartment because of their disability, the apartment being uninhabitable etc. No community start-up benefit means that people can't get their basic needs met, such as curtains, blinds, curtain rods, and paying for movers, beds etc.

I no longer have access to certain needed disability-related supplies and assistive devices because some of the items that were once covered and paid for by ODSP are no longer paid for. I have a serious back condition that requires specialized orthotics and shoes that are no longer covered and paid for by ODSP. This creates a financial burden for me, as I have to spend money I don't have to pay for physiotherapy and other services and devices. Because of this, I have to take painkillers to manage my pain and to be able to continue to live my life. My part-time job pays for the physiotherapy that I must do twice a month in order to stabilize my condition so it does not get worse.

I have two cataracts growing on my eyes and have a history of glaucoma in my family. Because of these conditions, my eyes need to be checked more often than usual. I also have an eye problem that is related to my dyslexia called Scotopic Sensitivity Syndrome, which needs to be checked regularly. However, since the cuts to vision benefits, I am unable to obtain my regular check-ups more than once every three years. These changes put me at increased risk of illness and other related complications.

In order to be happy and healthy, you also need to exercise, have hobbies and be involved in community life. This is not possible on a fixed income. I wish to be like any citizen, where I enjoy life, eat healthy and have basic needs met. However, because I struggle with health issues and disabilities, I am condemned to a life in poverty, full of stigma and discrimination.

Please restore the needed services and benefits as well as raise the rates for social assistance—OW and ODSP—

so that I and people like me can live a more dignified life. We will cost the overall system in health care, justice etc. less if we can pay our bills, eat better and have access to community resources and services. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. This round of questioning is from Ms. Fife.

Ms. Catherine Fife: Thank you very much, Jennifer, for coming in and sharing your experience with us. I think it's really important for every politician from every party to hear how legislation is affecting those who have the lived experience of living in poverty and with serious health issues.

The issue of your hydro is obviously concerning. We've had people come into my office in Kitchener–Waterloo who are trying to decide whether or not to heat their apartments or eat. It's very powerful to hear your story as well. I commend you for doing whatever you can to try to keep your costs down.

You did mention that you work, as well, or you've tried to work. We did introduce that, in collaboration with the government, two budgets ago, to try to build in that \$200 that you can keep and stay on ODSP. Can you speak a little bit to the level of money and what, if any, impact it has had on your life?

Ms. Christine Gagné: She just found out that the cuts to the \$100 benefit—

Ms. Catherine Fife: The transitional health—

Ms. Christine Gagné: The transitional—

Ms. Catherine Fife: I was going to get to that.

Ms. Catherine Gagné: That plays a big part. She's quite concerned about that, because she budgeted for that money.

Ms. Catherine Fife: Exactly. So this is the \$100 a month that was in place to help you—

Ms. Christine Gagné: Yes.

Ms. Jennifer Eastham: Pay for physio.

Ms. Catherine Fife: And enter into the workforce as well; right? So bus fare, clothing, all the additional—and that is being cut.

Ms. Catherine Gagné: Yes.

Ms. Jennifer Eastham: Yes.

Ms. Catherine Fife: This is the place where you should talk about what impact that is going to have on you.

Ms. Jennifer Eastham: That impact on me will force me to stop going to physiotherapy for my back issue and getting the help I need. If that happens, then I'm going to cost the system a whole lot more money.

Ms. Christine Gagné: There have been cuts with the upland of certain health benefits that ODSP did pay. It's sort of like a bouncing ball between ODSP, OW and the city of Ottawa. People are quite confused about that. They're not getting their services met. The things that have been cut—because the city can't provide for it, doesn't have it in their budget—that once they had, such as orthotics: That's why she's going to physiotherapy; because she doesn't have assistive devices anymore, because nobody's paying for it. She's stuck in a circle where she's in a job that she doesn't like, that is not sensitive to her disability. She doesn't have regular

hours. She's being discriminated against in the job. The job is very unstable, on top of trying to juggle her daily things.

Ms. Catherine Fife: Jennifer, your comments around nutritional food as well are very important. The special diet allowance was reduced through ODSP. I think you make a very compelling case with the connection between health costs and nickel-and-diming those who live on ODSP.

I just wanted to thank you. It takes a lot of courage to come here and share your story. I just wanted you to know that it's appreciated.

Ms. Jennifer Eastham: Thank you.

Ms. Catherine Fife: We'll take back the impact that high hydro costs have on quality of life—

Ms. Jennifer Eastham: Yes.

Ms. Catherine Fife: —and definitely the transitional health benefit, as this budget unrolls. When the \$200 was introduced, it wasn't meant to be cut in another place. It was meant to enhance those who live on disability. Thank you very much.

Ms. Jennifer Eastham: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, ladies, for your presentation.

Ms. Jennifer Eastham: Thank you for letting me speak.

The Chair (Ms. Soo Wong): Thank you for being here.

1000

CEMENT ASSOCIATION OF CANADA

The Chair (Ms. Soo Wong): Our next witness is the Cement Association of Canada. I was just told by the Clerk that the witness is Michael McSweeney. Am I correct, sir?

Mr. Michael McSweeney: Yes.

The Chair (Ms. Soo Wong): And not David Black. Okay. So I just wanted everybody to know: It's Michael McSweeney, the president.

Sir, you have 10 minutes for your presentation. Please identify yourself for the Hansard. This round of questions will be from the government side. Welcome.

Mr. Michael McSweeney: Thank you very much, Madam Chair. My name is Michael McSweeney. I'm the president of the Cement Association of Canada. It's nice to see my MPP, John, here.

Our industry provides Ontario with a reliable domestic supply of cement, required literally to build the foundation of Ontario's communities, economy and the critical infrastructure that we rely on every day.

I'm here today to talk to the committee about how you can impact tax savings for taxpayers across Ontario, make the cement and concrete industry more competitive and improve the environment, all at no cost to the government.

Our industry generates over \$6 billion in economic activity and supports a \$37-billion construction industry. Our industry employs, directly and indirectly, over 16,000 Ontarians.

We applaud the government's recent decision to end coal-fired electricity generation. Our industry would like to follow the government's lead by reducing our reliance on coal as well. Since 1990, we've reduced our GHG emissions by 22% on a voluntary basis. However, we're still responsible for about 4% of GHGs across the country, and about 30% to 40% of the emissions are due to burning coal and pet coke. We'd like to reduce our reliance on coal by moving to low-carbon or carbon-neutral fuel sources, such as non-avoidable wastes like construction and demolition waste, non-recyclable materials and biomass.

We're working with the MOECC on a regulatory change that would improve the current processes, which are very costly for our members, often with uncertain timelines. This posted regulation can be implemented at no cost to the government, help foster innovation and investment in the cement industry, and support the competitiveness of our industry at a time when we need it most.

For instance, if we replaced 35% of our coal use with low-carbon or carbon-neutral fuels, we would keep almost 350,000 tonnes of unrecyclable waste out of the landfill, and our CO₂ emissions would be reduced by 200,000 tonnes annually. It would also save the average cement company \$12 million annually, thus enhancing their overall competitiveness in wanting to do business here in this great province. This money could be reinvested into new technology and plant modernization so we could continue to improve the vitality and competitiveness of the Ontario economy.

In spite of all the work and investments that Ontario has made, the demand for provincial funding always outweighs the money that's available. We believe the government should build on its use of asset management planning by also conducting life cycle assessment and life cycle cost assessments when it is evaluating infrastructure funding requests. This is the best way to ensure the province gets the best bang for its buck.

Life cycle assessment is key to ensuring infrastructure investments deliver maximum economic, social and environmental value, because it takes into account all phases of a project's life cycle, including the all-important use and end-of-use phases. LCA ensures that the financial as well as the environmental costs are factored into infrastructure investment decisions.

A life cycle cost assessment is a method used for assessing the total financial cost of a project by taking into account all costs of acquiring, owning and disposing of a road or a building. By implementing this, Ontario would then have to factor maintenance into the cost.

Think about a road as a car. A new car might cost you, say, \$20,000, but that's not the true cost of owning a car over five years. Through a life cycle cost assessment, you also have to think of the gas, the insurance, the repairs, other maintenance. Over the five years, that \$20,000 car now becomes a \$40,000 car to own and operate.

In the case of an Ontario road project, concrete is generally equal to the cost of an asphalt pavement in

terms of first cost, but certainly in terms of lifetime cost. Asphalt is a soft pavement. You ride into the asphalt, and therefore it typically needs to be repaved every five to seven years. Concrete roads are a rigid surface and you ride on top. They typically last 40 to 50 years and require significantly less maintenance.

I have two examples to demonstrate this. Highway 407 was opened in 1997, and was the first highway built in almost 30 years, since Highway 427 was built with concrete in the late 1960s. If you drive along the original section of Highway 407, you will notice that there are very few repair patches on that highway, and the concrete is in great condition. In contrast, Highway 416, which was completed in 1999, is already showing signs of wear and tear which will require numerous resurfacing projects over the next several years and decades.

By insisting on life cycle cost analysis, the government can stretch already tight tax dollars further. This move will help the government to better manage the fiscal plan into the future by ensuring that the full cost of projects, both capital and maintenance, is properly accounted for at the outset of a project.

One of the reasons that the alternative financing procurement model in Ontario has been so successful is because it recognizes the true cost of a project over a longer period of time. We need to take the lesson learned from that program and apply it to all infrastructure decisions that the province will make. We're not asking you to choose concrete over asphalt; we're here to ask you to recommend in your report to the Legislature that Ontario mandate the use of full life cycle cost analysis and life cycle analysis for all provincially funded infrastructure projects. Once you factor in LCA, let the numbers speak for themselves.

Ontario's industrial electricity rates are twice that of competing jurisdictions. These high power rates discourage industrial renewal here in Ontario and limit job growth. As we all know, capital investment competes globally. In order to win that investment here in Ontario, we need to make sure that our rates are competitive. We believe that there is room to reduce electricity system costs through rationalization and improving regulatory governance. The recent merger of the IESO and the OPA is a great start and should help to improve the system.

We also believe that Ontario's surplus power should be made available to Ontario businesses instead of paying our competitors to take it from us. Last year, the Ontario government spent over a billion dollars paying competitive jurisdictions to take surplus power. We believe that the government should work with Ontario's major industrial users to give us access to that surplus power. For instance, one of my members has said that they would consider building a second grinder for clinker and running it all night long if they had access to predictable, low-cost power. This would mean more jobs and more investment right here in Ontario.

The high cost of power doesn't just affect the cement industry, as you know. Our partners in the steel, lime, food processing, paper, oil and gas, and manufacturing sectors are all affected. The impacts don't always show

up in the form of plant closures, although we've unfortunately had a few of those. The impacts often mean that the Ontario divisions of multinational firms don't win the new product line or the new R&D investment. We hope Ontario will start to improve competitiveness, and I know that you're working very hard studying that, especially Minister Chiarelli.

Finally, Ontario has been doing a monumental job addressing the infrastructure gap. Over the past decade, Ontario has spent an average of \$10 billion annually on public infrastructure. That's an incredible spend, and we're grateful for that. Ontario has also been making significant investments in municipalities. The Municipal Infrastructure Investment Initiative and the Small, Rural and Northern Infrastructure Fund have been very successful in helping our municipalities address their critical infrastructure needs.

We hope that these investments in municipalities will continue. Our municipal partners need long-term, predictable and sustainable funding so that they can work to address their respective infrastructure challenges. We hope that the permanent municipal infrastructure fund will be at least \$100 million annually and that it will continue to be based on the principles of life cycle assessment and asset management planning.

According to the Conference Board of Canada, each dollar of real public infrastructure spending in Ontario generates \$1.11 in real GDP. In the past few budgets, Ontario has maintained a three-year, \$35-billion funding commitment. We urge you to continue this investment—and congratulate you on the past spending—so that together we can continue to grow the Ontario economy and improve the environment at the same time.

Thank you very much.

The Chair (Ms. Soo Wong): Mr. McSweeney, before I turn it over to the government side to ask questions, can you leave your remarks with the Clerk so that we have it not just in Hansard but also written notes?

Mr. Michael McSweeney: Yes.

The Chair (Ms. Soo Wong): I think this round of questions is for Ms. Vernile.

Ms. Daiene Vernile: Thank you very much, Michael, for coming and speaking before the committee, telling us about your industry and sharing your concerns with us. Your association was at Queen's Park not too long ago, and my colleagues and I had the opportunity to attend an event which I thought was very cleverly called the Cement Mixer. Thank you for that.

1010

I'll tell you that I grew up with a father who was an Italian immigrant and worked in construction all his life, so we talked a whole lot about cement at our house.

You talked a lot about encouraging the use of cement in roads. If you can tell us a little bit more about that—I realize it comes down to cost, so what are the cost differences between using cement and using asphalt?

Mr. Michael McSweeney: We are now in unpredictable times, but we generally say when oil is \$70 a barrel or more, concrete roads are always cheaper than asphalt roads. We're in a blip right now, so for the next probably

12 to 18 months, that won't apply, but in the last 10 years, all provincially funded government highways have been awarded to concrete because they are cheaper to build. Not only that, but because you ride on a concrete surface, trucks will use between 3% and 7% less fuel because they're riding on top of the surface. So when you calculate the number of litres of fuel that are saved, it really is astronomical, and the costs to the environment are also less if you use less fossil fuels.

As well, on concrete highways, because they last 40 to 50 years, there is a saving there, where, as I mentioned earlier, typical asphalt is five to seven years.

With concrete pavements, you get the albedo effect. Concrete is a white surface, so you require 22% less street lighting. So if you factor in the electricity that goes to light streets and highways, there are savings to be found all over.

We have been very fortunate that the last, as I said, 10 highways have been built with concrete. We hope that both the provincial government and municipal governments will look at this going forward.

Ms. Daiene Vernile: You also touched on the \$29 billion in infrastructure spending that our government is committed to, and I understand that this is very positive for your industry. Can you tell us what it's going to mean for you?

Mr. Michael McSweeney: While it means that infrastructure will be built right across the province, it's a broader picture to our association, to Ontarians. It's also about the environment. I was at an event with the Premier last night in Toronto where she talked about the transportation sector contributing the largest amount of greenhouse gases. So we need to look at ways of building infrastructure that will reduce the amount of fossil fuels being used, thus improving the environment.

So in addition to being able to upgrade our rapid transit systems, our LRTs, here in Ottawa, our LRT and the tunnel that's being built, the one that's being built in Waterloo, we're making the right decision to upgrade the infrastructure, build new infrastructure, improve the airsheds because the environment will be better, and keep people employed. That's the bottom line.

Ms. Daiene Vernile: That was my next question, about jobs.

Mr. Michael Sweeney: It's about the environment. It's about jobs. It's about keeping this province a competitive province and getting this province back to being the manufacturing leader in Canada.

Ms. Daiene Vernile: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. McSweeney, for your presentation. I think the Clerk will follow up with you for those remarks.

Mr. Michael Sweeney: Okay. Thank you.

CHAMPLAIN REGION FAMILY COUNCILS NETWORK

The Chair (Ms. Soo Wong): Our next witness is the Champlain Region Family Councils Network, and I believe it is Grace Welch. Can you please identify

yourself and what your position is, as well as your colleague from your association here today? Thank you.

Ms. Grace Welch: Yes. My name is Grace Welch, and I am chair of the advocacy committee. With me is Rosemary Cavan, who is also a member of the advocacy committee.

The Chair (Ms. Soo Wong): Welcome. You have 10 minutes, and this round of questions will be from the official opposition party. Thank you.

Ms. Grace Welch: I would also like to mention that we have a written submission that we've handed out.

The Chair (Ms. Soo Wong): Okay, that's great. I've just received it. Thank you. Welcome.

Ms. Grace Welch: First of all, I'd like to thank you for the opportunity to speak to you today about issues critical to long-term care in this region and across the province. Our network represents the family members and friends of residents in 61 long-term-care homes in the Champlain region, which is the largest region in Ontario. It includes Ottawa and stretches from Renfrew to Cornwall.

Family councils have been established under the Ontario Long-Term Care Homes Act to allow families and friends to advocate on behalf of their loved ones in long-term care. Essentially, our *raison d'être* is to ensure that our loved ones have quality care in a safe environment where they are treated with dignity and compassion.

Our comments and recommendations are based on our first-hand observation and experience in long-term-care homes, supplemented by reviews of research reports and studies of care for seniors.

The most important issue—and this is a long-standing issue in Ontario—is chronic understaffing. The nature of long-term care has changed considerably in the last decade, particularly in the last five years. Long-term-care homes are essentially becoming acute care hospitals. The elderly are entering long-term care when they are older and frailer and have multiple medical conditions. In my report, you can see some of the statistics, so I'm not going to go into them today. They illustrate the growing complexity of care.

One of the most significant challenges that I think you're all probably aware of is the number of residents with Alzheimer's, reported to be at least 60%. Most residents need help with all aspects of daily living: dressing, feeding and even toileting. At the same time, many long-term-care homes are now providing services that were once done in hospitals, such as IV therapy, chemotherapy and dialysis.

Coupled with the increase in resident care needs are the reporting requirements. They've become much more complex and demanding. More than half of the day for a personal support worker or a nurse is spent on reporting. While monitoring and accountability are important, these activities should not be accomplished at the expense of residents' care. It's said that Ontario has the most highly regulated long-term-care sector in Canada, and it's one of the lowest-funded across the country.

Despite the significant increase in care needs, staffing levels in Ontario long-term-care homes have remained

almost static. There was a government-funded report in 2008 by Shirlee Sharkey that recommended at that point that direct care by a personal support worker or a nurse be 3.5 hours a day per resident. At that time, when they did that report that's now seven years old, all stakeholders said that there was a need for increased staff capacity.

What we've seen, though, is that during that period when we've admitted people with very complex care requirements, it has gone up by 15 minutes a day. What we have is 3.15 hours a day of direct care, which is well below the threshold of at least four hours of direct care, which is recommended in a number of research reports in the United States and Canada as well as by most stakeholders in long-term care, such as the Registered Nurses' Association of Ontario, Concerned Friends of Ontario Citizens in Care Facilities, the Ontario Council of Hospital Unions and the Ontario Health Coalition.

The bottom line is that lower staffing levels are associated with higher levels of aggression—and we all see the media reports about this—more falls, more pressure ulcers, increased incontinence and the use of restraints.

Staff in long-term care are stretched to the limit. This is something that we see on a daily basis. They are a very committed, hard-working group of individuals. In a recent focus group which was conducted by the Ontario Council of Hospital Unions, 91% of the participants said they are not able to provide good-quality care, citing lack of staff and heavy workloads. Those of us who regularly visit long-term care see the impact of insufficient staffing. Requests for toileting are ignored. Food is shovelled into residents' mouths while the care worker is trying to feed multiple people at the same time. Staff are so harried they do not have any time for just basic social interaction, which is so important to the elderly. We all see an increase in critical incidents.

We are convinced that the only way to ensure that government funding goes directly to personal care for long-term-care residents is through a legislated minimum care standard that meets or exceeds that which is recommended in the current research, which is at least four hours. We legislate care requirements for daycare; why not for this other vulnerable population? If we can bring in a legislated standard, we also need to ensure that it is regularly reviewed and assessed against care requirements.

We also would like that the Ministry of Health work with stakeholders to identify ways to reduce the burden of reporting so that long-term-care resources can be committed to personal care for the residents.

The other issue that we've identified is what we call the inappropriate mix of residents. We've seen a significant increase in aggressive behaviours in long-term-care homes across the province. One fact that surprised me that I learned in preparing for this was: Did you know that the Ontario coroner's office reported that there have been 25 homicides in the province's long-term-care facilities between 2001 and 2011? I was shocked. I actually did not know that. And as you'd know, reports of abuse show up in the media on a regular basis.

1020

The closure of mental health centres across Ontario combined with the lack of group homes has meant that long-term-care homes have to accept an increasing number of individuals from the age of 18 on with developmental disabilities, brain injuries, mental health issues, and drug and alcohol abuse problems. Homes designed for elderly residents are being pressured to accept such individuals even when they lack trained staff, equipment and resources to meet the special needs of this population. They're told if they don't accept those individuals, they'll be reported.

It is also not fair to the younger residents who are in homes with the elderly. My mother sat with a young woman who had had a serious car accident. This poor woman sat there with three elderly seniors who couldn't even talk. Just having a little bit of social interaction at mealtime was not there.

Right now, the under-65 population in long-term care makes up 7% of all residents, and that seems to be growing each year. While we're concerned about our loved ones in long-term care, we're also concerned about the staff who care for them. These are dedicated, caring individuals, who are at high risk for personal injury. A York University study from 2008 found that Canadian personal support workers are more than seven times more likely to experience violence on the job compared with their counterparts in Nordic countries. The study attributes this to staff having "to do too much, in too little time, with not enough resources."

So we're asking that long-term-care homes be returned to places for the frail elderly in need of full-time medical supervision and not residences of last resort for a younger population with a range of special needs.

We also need to create specialized homes and supportive housing for adults with developmental disabilities, mental health issues and substance abuse issues.

We need, within the long-term-care homes, to create secure special units for aggressive senior residents and make sure that they are adequately staffed with people who have the specialized training and expertise in dealing with difficult behaviours. The long-term-care homes in the area should be able to redirect admissions or transfer existing residents to these designated special units. Right now, by the way, if a home has an Alzheimer's unit, they don't get any extra funding for the extra staff and extra training required to have that.

We also need to look at the behavioural support program. I think it was a good initiative, but is it going far enough? There are 12 beds in our entire region, and a resident is sent there for a few weeks and then returned back to the home. Is it enough time to actually change their behaviours?

Each home has some very fundamental training on behaviour care, but we need to actually have a core level of behaviour care expertise to deal with aggressive behaviours in each home.

Lastly, long-term-care homes should be allowed to fast-track individuals with behaviour problems to the

appropriate mental health facility, especially when they are under 65.

Our third issue is the lack of long-term-care beds. Care for the elderly—we see it as a transition. My parents themselves went from home care to a retirement home and then to long-term care, but the bottom line is we're not building enough—

The Chair (Ms. Soo Wong): Ms. Welch, can you wrap up, because your 10 minutes—

Ms. Grace Welch: Okay. I'm just going to refer you then to the Globe and Mail editorial from this past Saturday, saying, "Instead of spending billions on makeshift solutions and bad outcomes, Canada's health-care stakeholders should be spending that money on new, properly staffed long-term [care] facilities."

The Chair (Ms. Soo Wong): Thank you for your presentation. This round of questions is from Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for an incredibly informative presentation. I deeply appreciate it, and for your care and action in coming here.

I find issue number 1, the chronic under-staffing of long-term-care homes, and issue number 3, the lack of long-term-care beds, sort of mesh into one. In the first sentence—or actually the second sentence of issue number 1, you state that long-term-care homes have effectively become acute care hospitals. I would think that that is exactly what has happened, when we look in the hospital and we have people in the hallways of the hospital, in beds in the hallways, because there are no rooms left in the hospital. They seem to try to get as many people out of the hospital as quickly as possible and into acute care in a long-term facility. Is that what's happening? Do you see that? Is that anecdotal, or is that what's happening?

Ms. Grace Welch: That is actually quite true. Even when they have to send people to emergency from a long-term-care home, they bounce them back quicker than a tennis ball across the court.

Mr. Victor Fedeli: I keep hearing that we need to get them out of the hospital and into long-term care because the hospital is one of the most expensive facilities to run. Is that anecdotal, or is that what you hear as well?

Ms. Grace Welch: No, that's true. The problem is, they're doing that, but they're not giving the resources to the long-term-care home to provide the level of care that's required.

Mr. Victor Fedeli: I agree. I find that absolutely unbelievable, in this day and age.

I know our hospital in North Bay is closing 60 beds. As mayor of the city of North Bay only a few years ago, I was there for the ribbon cutting of this brand new billion-dollar hospital. There are 60 beds being closed, yet when I was there visiting a friend, he was in the hallway. I don't understand that.

Ms. Grace Welch: Neither do we. That's what they're talking about: the silver tsunami. In this region alone, we've only had 86 new beds added in the last five years.

Mr. Victor Fedeli: Well, at least you're getting them added. We're getting them closed. I just find that so contradictory to what the reality is.

Ms. Grace Welch: There's an incentive for long-term-care homes to create convalescent beds, which then also reduces the number of long-term-care beds available for the residents of that region.

Mr. Victor Fedeli: There's not enough time to talk about red tape. I was surprised that you said for your public support workers, the reporting requirements can take half of their day.

Ms. Grace Welch: Actually, I think I might have—half of their day is not in direct care. Some of it's reporting; some of it is training. Sorry.

Mr. Victor Fedeli: Okay, that's fair enough.

Ms. Grace Welch: I think I somewhat misreported.

Mr. Victor Fedeli: Your issue number two, the inappropriate mix of residents: Once again, I can only speak to it anecdotally. I visit the long-term-care facilities in my hometown of North Bay and also in Mattawa and Powassan and other areas, and I do find that that has happened. Apparently, it really is not just anecdotal, and it actually does happen.

Ms. Grace Welch: There was a case just reported to me of two very petite personal support workers being cornered by a very aggressive younger man in the home and feeling very, very threatened. I don't remember the resolution of it; it was just reported to me. This is a daily occurrence in long-term care.

Mr. Victor Fedeli: Again, in North Bay, when I was in the mayor's chair, they were closing mental health beds. We had a very old facility. It used to have thousands of patients when it was on the top of the hill in North Bay. We built a brand new facility down on the major highway in North Bay, a wonderfully modern facility, but it had 90 fewer beds. As mayor, I kept saying, "Where are the people that were in the facility going?" They said they would disperse them throughout the community.

Ms. Grace Welch: And some of them are in long-term care now.

Mr. Victor Fedeli: I did not realize that some of them have ended up in the long-term-care facilities. I realize they're on our main street. We have very few facilities throughout downtown, and we see them in our downtown an awful lot. But I didn't realize that they were being put in the long-term-care facilities.

Monte?

Mr. Monte McNaughton: Just a quick question for the finance committee: Where do you see the money coming from to invest—

Ms. Grace Welch: I knew you were going to ask me that.

Mr. Monte McNaughton: Because you have a view on the front line.

Ms. Grace Welch: There are savings to be made in reporting. I haven't reviewed recently—there's an expert panel that looked at trying to free up hours in long-term care. That should be revisited. But it is going to require investment. There's no way around it.

The Chair (Ms. Soo Wong): Ms. Welch and your colleagues, thank you so much for your presentation today.

Ms. Grace Welch: Can I make one very short recommendation? When you go home, if you haven't been to a long-term-care facility recently, please visit. Go there at lunch hour. Watch to see how many people are wheeled in, how many people need help with feeding. That's all I ask.

The Chair (Ms. Soo Wong): Thank you for your presentation.

CHEMISTRY INDUSTRY ASSOCIATION OF CANADA

The Chair (Ms. Soo Wong): Our next witness is the Chemistry Industry Association of Canada. Bob Masterson, the vice-president, is here to present.

Good morning. Welcome. You have 10 minutes for your presentation, sir. This round of questions will be from the official third party, Ms. Fife. You may begin any time. Please identify yourself for Hansard purposes. Thank you.

1030

Mr. Bob Masterson: Thank you, Madam Chair. It's Bob Masterson. I'm vice-president, Responsible Care, with the Chemistry Industry Association of Canada.

Madam Chair and committee members, it's a pleasure to be with you here today and provide input to the Ontario pre-budget consultation on behalf of the province's chemistry industry.

Our industry is an advanced manufacturing sector and we have significant growth potential in Ontario. Today, we're already a \$22-billion industry in the province, making us the third-largest of all manufacturing sectors. We have 42,000 employees today and we support another 210,000 jobs in other important sectors, including automotive, food and beverage, plastics, mining, pulp and paper etc. We are the province's second-largest manufacturing exporter and we pay the third-highest wages in the Ontario manufacturing sector.

As I mentioned, we are a sector that is poised for strong growth, but only if supporting conditions are put in place. Competition to attract investment into our sector and others is very keen, and Ontario must be on its game. There's absolutely no reward for coming second best in this category.

If you look back five years ago, our industry in North America was seen to be a very mature industry without growth potential, but the new shale gas developments and new biomass feedstocks have led to this sector being now the fastest-growing manufacturing sector in North America. Presently, we're tracking 140 projects across North America that have been proposed and announced, and totalling more than \$130 billion in new investments. These are real investments. This is new investment. It's no longer seen to be a mature industry with investment taking place elsewhere.

Ontario has been fortunate. We've seen a portion of those new investments that has included \$200 million for an expansion at the Cytec facility in Niagara Falls and nearly \$400 million to convert the Nova Chemicals

facility in Sarnia to handle cleaner, more efficient natural gas liquids rather than crude oil. In addition, we now have a bio-hybrid concept gaining traction in the Sarnia area, and BioAmber has invested \$125 million in a new biochemistry facility there.

That's good news, but in aggregate those investments pale in comparison to what should have been attracted, given Ontario's historical share of investments in the North American chemistry sector. On even a conservative basis, we believe that Ontario should be able to attract at least \$5 billion in new investments in our industry over the next decade.

We've traditionally had a very competitive advantage in our sector due to a number of factors: low electricity rates and energy costs; a very well trained and experienced workforce; efficient transportation networks; access to markets via the seaway, ports, railways etc. I say "traditionally" because what we've seen in recent years has been a significant eroding of many of those advantages for Ontario's manufacturing sector. Not only has this weakened our sector; it has weakened our customers' and other important manufacturing sectors as a whole. Too many of our former customers have either moved or closed, and that needs to change.

Ontario has taken some important steps. Certainly, the reduced corporate tax rate and moves to a harmonized tax rate were both very important steps that we included in our recommendations many years ago, and we strongly support the province. Those were very important steps on the long, long journey to restoring Ontario's manufacturing competitiveness.

But more has to be done, and we as an industry also share the concern about the overall fiscal health of the province and the ability to meet fiscal targets amid an environment of increasing uncertainty.

What's abundantly clear to us, though, is that while fiscal discipline is certainly important, Ontario will not reach its goals through that alone. We must have economic growth to deliver the solutions needed and restore and sustain the fiscal health of this province.

We believe our industry is especially well placed to make those contributions, but only if we can establish a supportive policy and fiscal framework. More specifically, I have a few recommendations from our industry that we'd like to share with you.

We support the government's target of a deficit elimination by 2017-18. We believe that must be accompanied, though, by a concrete plan of action. If we're unable to do so, that just continues to build uncertainty in the overall business environment and leave us wondering what's going to happen next.

Secondly, we strongly encourage the province to maintain the 10% corporate tax rate. I did talk about those investments that have taken place in the province—certainly more than \$600 million to date. Those are a direct consequence of the improved corporate tax rate for manufacturing.

Third, Ontario—and Canada specifically—needs to look more closely at tax measures concerning depre-

ciation allowance for new investments. The current allowance is the accelerated capital cost allowance that was put in place to support manufacturing. That's helpful, but it's a temporary measure and it's only available for projects that really will take 12 to 24 months to complete. That's why we've seen a number of projects in the area of \$100 million to \$200 million. It's very helpful for that. What it won't do is support the large investments.

In Sarnia there's been talk about a new development there—\$700 million to \$800 million. That won't be helpful for that. The two years is too short. We need either a permanent measure or a longer-term extended measure that will allow for quick depreciation of projects over a five- to seven-year time frame. That's what's in place in the United States. We think that's what we need here in Ontario to be competitive for those investments.

So while that's a federal area of action, we think it's the single largest factor for improving the business case for investment in Ontario. It is an investment issue for Ontario, and we've certainly shared that view with economic development and the Ministry of Finance.

Fourth, it's very important that Ontario begins to address short- and long-term concerns with the competitiveness of electricity. There are measures that could be put in place such as cogeneration and supports for industrial electricity rates. It's especially important for new investments and is a key measure deployed in Quebec and other jurisdictions that, as I say, are competing for that same investment. It's not going to be enough to slow the rate of increase of electricity price growth; we've got to reduce those costs.

That brings me to a very important point that's related to this. Ontario needs to be very careful not to add additional costs to manufacturing via carbon pricing. Ontario made a very bold decision to phase out coal-fired electricity to combat climate change. However, we all know that was a very costly decision. It's had a significant impact on competitiveness in the province. So, in short, from our view, carbon pricing already exists in Ontario every time we flip the switch. Carbon pricing is more expensive and has already delivered deeper reductions than elsewhere in North America. We don't feel it's time to impose new carbon pricing. We do not have any catching up to do in Ontario.

We want to send the right signal to participants and new investors. We are an important sector. We have growth opportunities. We think the province needs to pay more attention to that. I've talked about the infrastructure, the market access and the workforce. We know it's second to none, but for the past few decades it seemed like Ontario wasn't interested in promoting and building on the competitive advantage of our sector, especially in Sarnia. It's a jewel. It's well recognized throughout North America and the rest of the world. We think there's an opportunity for the province to recognize that formally and identify the bio-hybrid chemistry cluster in Sarnia as one of the key industry sectors for investment under Bill 7, and work with industry to make it a priority for investment and growth.

Finally, we think the province needs to send the right signals about manufacturing in general. There has been a lot more positive talk in that area. The province has understood that manufacturing is the backbone of the economy. We need to see continued investment and growth in sectors like automotive, mining, plastics, and food and beverage especially. They're vital for growth in our sector. If they're allowed to continue to decline and aren't replaced by other activities, our sector will be in decline.

Again, the overall investment environment needs to be best in class across the board. We believe that's going to require a long-term strategy on behalf of the province to revitalize manufacturing in the province and return Ontario to its position of economic prominence in Canada.

Once again, on behalf of the Ontario chemistry industry, I thank you for your attention and welcome any questions you may have. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, you may begin.

Ms. Catherine Fife: Thank you very much, Bob, and thanks for the presentation; some good recommendations in here.

Energy has been a theme at every place. Especially in the north there's a heightened sense around manufacturing—the costs associated with that and the impact it has on local economies.

We had just heard, actually, prior to this from the cement association around the surplus electricity. Do you want to comment on that, because we did spend a lot of money unloading that electricity last fiscal year.

Mr. Bob Masterson: Certainly I'm not an expert in this, but when we talk to our members—and they're receiving letters from jurisdictions south of the border in New York state asking them to come and relocate to take advantage of cheap electricity, which is cheap in New York state because it's been made surplus in Ontario. Just intellectually there's a problem there. I don't personally have the solutions, but this is an area where we're into significant issues and questions, and we've not even come close to having a mature discussion about it.

1040

Ms. Catherine Fife: Okay. A lot of businesses actually have come forward as well—not just for this finance committee process, but in our individual ridings—and there are some concerns about the provincial Ontario Retirement Pension Plan. You did mention it in your recommendations. Is it too early—

Mr. Bob Masterson: I don't believe it's a direct concern for our members, because they all have either a defined benefit or a defined contribution plan. There will not be a direct cost to them. The concern is more secondary: Is it yet another step that undermines the overall competitive position of manufacturing in the province? If manufacturing, generally, is undermined, that's going to have significant impacts on us.

So I don't think we have a particular issue with that particular action. But again, I repeat the call that the

province needs to look at the overall health of manufacturing, look at the overall investment climate, and start to prioritize both what can be done to encourage investment and also what costs are necessary.

Again, I come back to carbon pricing. I'll say it one more time: We have a very strong carbon price signal in place already every time we flip the switch. We get reductions deeper than elsewhere, and they're more costly. Now is not the time to add additional costs to manufacturers here in Ontario.

Ms. Catherine Fife: Thank you very much, Bob.

Mr. Bob Masterson: Thank you for your time.

The Chair (Ms. Soo Wong): Thank you very much for your presentation.

FEDERATION OF URBAN NEIGHBOURHOODS (ONTARIO)

The Chair (Ms. Soo Wong): The next group coming before us is the Federation of Urban Neighbourhoods (Ontario). I've been told by the Clerk that the two presenters are Archie Campbell, the president, and Don Stewart, the treasurer.

Welcome. As you know, you have 10 minutes for your presentation. This round of questions will be from the government side, with Ms. Albanese. You may begin anytime. Please identify yourself for Hansard. Thank you.

Mr. Archie Campbell: Thank you, Madam Chair. My name is Archie Campbell. I am the president of the Federation of Urban Neighbourhoods of Ontario. I'm a past president of a local community association in Ottawa. My colleague Don is the current vice-president of another Ottawa-area community association. Both of our groups are members of an umbrella group of community groups in Ottawa called the Federation of Citizens' Associations. FCA, in turn, is a member of the Federation of Urban Neighbourhoods, which also includes two other umbrella groups: the Federation of North Toronto Residents' Associations, FoNTRA; and the Urban League of London, Ontario. In addition to that, we have individual associations from different, smaller centres that have not yet the critical mass to form umbrella groups, but that's our long-term ambition.

We have been around since 2001 and we have made other, past submissions to this committee in writing. This is our first time appearing in the flesh.

At this point, I'd like to turn the microphone over to Don Stewart, who will give the presentation itself.

Mr. Don Stewart: Thank you for this opportunity to speak to you today.

The Federation of Urban Neighbourhoods recognizes the fiscal challenges which our province is facing at this time. We recognize as well that the big-ticket items in the budget are health care and education, and that it's very important that we maintain these at a high standard, partly because they attract business to Ontario and help us keep businesses here. Recognizing those facts, we also feel that there are other things that must be done.

One of the things that's happening is our urban infrastructure is decaying, probably due to the past down-

loading of expenses onto the municipalities. We believe that high-functioning infrastructure is a key to attracting and keeping business in Ontario, so if we can improve the economy, we can probably help address our budget deficit problems, as well.

We believe the government should provide increased funding and support for urban areas to maintain and enhance their facilities, and put an emphasis on green infrastructure when doing that. One of the places where we can save some money, we believe, is—a while ago, the government made a big fanfare about creating the greenbelt around Toronto, and now we hear that there's a proposal to create a highway through that, between Milton and Vaughan. The reason for creating the greenbelt was to protect the farmland in the greenbelt area, and to protect the watershed for Toronto—the aquifers and the river sources. We believe that this highway is not going to help that at all; that it's, in fact, the opposite. It will have a devastating effect on the greenbelt, will set a bad example, will foster increased use of automobiles and will promote sprawl by encouraging development around that area. We believe that is diametrically opposed to the government's policy of intensification, which says not to have sprawl but to concentrate things, to reduce costs and to improve efficiency, as well as to protect agricultural lands. The proposed highway should be scrapped and the money redirected toward repairing infrastructure, improving public transit and reducing the deficit. In fact, if you stopped that project right now, you could probably save a couple million dollars in assessments, analysis and so on.

Our public housing stock is deteriorating throughout the province, and there is a long list of people waiting for affordable housing. I don't think this is acceptable. These are urgent problems that must be addressed. As well, many colleges and universities have a lack of good-quality student housing, so both Ontario and, I'd say, the federal government as well need to step up and increase the funding for public housing. We suggest as well that non-equity co-ops could also be promoted as a sustainable long-term resource for affordable housing.

Today in our hospitals, we have patients sitting in beds, waiting to get out of there and into a more suitable facility. Those are costing over \$1,000 a day. That's two or three times as much as it would cost if they were in a convalescent or long-term-care facility. We believe that it's important that the government makes the creation of these long-term-care or alternative care facilities a top priority, because there are significant cost savings and there's an added benefit that they are probably far more suitable for the patients that are involved. It's a win-win situation all around.

In his recent address to the nation, President Obama noted that 14 of the last 15 years were the warmest in recorded history, so I think we can say that climate change is a fact, as he has suggested. Therefore, we need to start shifting public resources away from cars and roads toward public transportation systems, including subways, light rail, intercity rail and buses. Urban sprawl, with its proliferation of private, automobile-based trans-

portation, is not sustainable, so we must reduce our dependence on fossil fuels. We recommend that new funding be provided to improve our public transportation systems, putting an emphasis on electric versus fossil-fuelled vehicles.

One of the other big expenses, a significant expense in the budget as we see it, is the Municipal Property Assessment Corp., which currently costs over \$100 million a year. And yet, on the residential side, which is the one that we're interested in, the provincial auditor has pointed out that there are a number of inaccurate results—a significant number of them. Therefore, the system is not really working, and we believe that the province should replace the current value assessment system with one that is fair, consistent, predictable and easy to understand, and that costs significantly less to administer. We have on our website a proposal that suggests one alternative; we're not saying that it's the one, but it certainly says that it can be done for less money, and probably with less fuss and bother by people.

Finally, the question always comes up: How do you pay for things? Well, we recognize that that is an issue and that no one likes more taxes, but we believe that we need to look at finding new sources of revenue if we are going to maintain our infrastructure and reduce our deficit, and we believe that, as much as possible, this should be done using progressive means—in other words, based on ability to pay.

Thank you.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. I think this round of questions is from Mrs. Albanese.

Mrs. Laura Albanese: Thank you, Madam Chair, and thank you for your presentation. I am quite impressed by the number of recommendations and suggestions that you are making. I represent a riding that is in the heart of the city of Toronto—to the west, I would say—so I recognize many of the issues that you are bringing forward.

One of the questions that I wanted to ask you is—I guess it's also to compare notes—in Toronto we see a lack of synchronization of bylaws, if you will, in cities, and I was wondering what your opinion of that would be in regard to planning.

Mr. Don Stewart: Well, it certainly creates challenges, I guess.

1050

Mrs. Laura Albanese: Have you found it to be one of the issues or not?

Mr. Don Stewart: I lived in Toronto for 35 years before I moved to Ottawa, so I understand a lot of the Toronto issues. There—and here we see it as well—is a bit of an urban-suburban divide.

In Ottawa, it's even worse. We have a rural component. Ottawa is actually bigger than the five other largest cities in Canada. Toronto, Vancouver, Montreal, Calgary and Edmonton will all fit within Ottawa's municipal boundaries. So you get a different perspective.

Here in Ottawa, for example, now we have suburban councillors who are quite happy to promote intensifica-

tion in the downtown area, but God help you if you want to build an extra storey in their ward.

Mrs. Laura Albanese: We find that too.

Mr. Don Stewart: Yes, and certainly Toronto has some of that as well.

I think the issues are more within the municipalities and, partly as a result of amalgamation, it's an ongoing issue.

I'm not so sure how I could talk about going between municipalities. I think, when we have our meetings, we find that our issues are the same: that councillors aren't following their own bylaws and things like that. Some development issues are there as well.

Mrs. Laura Albanese: Any comments on the effectiveness of the OMB?

Mr. Don Stewart: That's a very good question. The problem with the OMB, I would say, is that it's stacked in favour of the people with the deepest pockets. If a community has an objection, they wind up at the OMB. I actually represented my community here in Ottawa at the OMB. So here I am, an unpaid volunteer, and I'm looking at a lawyer who's earning money that we all wish we could make and a planner who's also earning the same kind of money and, in many cases, a city planner, as well, all saying that they think this is a good project, and I'm sitting there saying, "We don't think it's right. We think you should follow what the bylaws of the city have written."

What I think might solve a lot of that problem would be if we put a focus on getting it right. One of the big arguments that's always made here is that the zoning bylaw and the official plan are out of sync. So why don't we just turn around and say, "Hey, when you put in your official plan every five years, or whatever you choose to make it now, you also must provide the same zoning bylaws that go with it," and present an idea that, "You're expected to follow your own zoning bylaws. You are professional planners; surely you can get it right the first time"? I was a professional in IT, and that was one of the expectations I had: "Get it right the first time. You're a professional." So I would say that we should present the same idea to them.

Then the big issue will be a big debate over the official plan and zoning bylaws and one big OMB hearing. After that, you probably will get rid of the OMB hearings and follow up and, "Hey, there's a pile of savings," because every OMB hearing costs money, because you've got transportation and so on.

The Chair (Ms. Soo Wong): Mr. Stewart, Mr. Campbell, thank you very much for your presentation this morning, and thank you for submitting your written submission as well.

Mr. Don Stewart: Thank you very much.

FUEL INDUSTRIES

The Chair (Ms. Soo Wong): Our next group presenting: Fuel Industries. I believe it's Julie Allen, the chief financial officer, who is coming before us. Wel-

come. Good morning. Please identify yourself to Hansard. You have 10 minutes for your presentation. This round of questions will be from the official opposition party. Good morning.

Ms. Julie Allen: All right. Thank you for the opportunity to speak with you today, first of all. My name is Julie Allen. I'm the head of finance for Fuel Industries. We are an interactive digital media company based in Ottawa. We just have 120 full-time employees here, but we're a private Canadian corporation. We started and have grown in Ottawa.

I'm here to talk to you today about the importance of the Ontario Interactive Digital Media Tax Credit, also known as the OIDMTC, to our industry and the province of Ontario. It comes to my attention that the OIDMTC is under review as one of the tax credits that you're looking at, and I just to talk a little bit about how I feel it's important to the province and to interactive digital media.

The OIDMTC is really a big part of the economic growth in Ontario. There's so much growth potential in the interactive digital media industry. Interactive digital media: The founders are entrepreneurial, high-risk taking, high-growth companies. I feel it's something that should be taken into account and focused on because there's so much growth potential.

It's also a very young industry, though, and still growing. This sector influences the way we live, we learn, we educate and we entertain. It also creates very valuable jobs for the province of Ontario.

Gaming is a business. The technologies are always changing. We're constantly investing in technology, in growth and in training and developing our employees. I feel that this continuous investment is needed to stay competitive in the global market.

The OIDMTC, for us, provides us with this added investment to evolve and grow. We have grown 140% from 2007 to 2014, and this is how long we've been using the Ontario Interactive Digital Media Tax Credit. The support of the program has meant so much to our growth and our ability to stay in Ontario and continue to evolve.

I think the OMDC, as well, is really important to help with global competitiveness. It's necessary to grow this industry, but the interactive digital media industry has no physical boundaries. We are constantly competing on the global market. One hundred per cent of Fuel's revenue, actually, is export; we don't have any Canadian sales. All of our time and effort is focused on competing with international companies. Again, there are no physical boundaries with interactive digital media. We need to be competitive with all jurisdictions within Canada, against all provinces, as well as outside of the country.

We're also competing for labour resources on the global market. We're recruiting resources out of province and out of country to attract skilled labour, highly educated individuals, to come to permanent full-time positions. Positions in our company are permanent full-time. We don't contract. We don't have short-term resources. We hire and keep and invest in our people. I

think that's another important piece of this puzzle. We are competing on pricing with companies that have lower labour costs and lower operating costs, and we're constantly trying to figure out a way to evolve and make ourselves a viable company.

The interactive digital media industry also provides employment to Ontario's youth. Our industry is a youth-driven industry. The young people in our province are drawn to our company because it's highly skilled, high-paid employment. The academic institutions in the province are now focusing on programs that are developed specifically for interactive digital media, and we're drawing those people right out of those programs. The average age of employees at my company is 34; 27% of our employees are under 30. Like I said, we do focus on going directly to schools and recruiting directly from schools into our office. Our industry keeps young, talented people employed in Ontario and supports all of the goals of Ontario's Youth Jobs Strategy.

I would like to just identify a few things with respect to OIDMTC that I think you're probably all aware of. It's growing a crazy amount. There's rapid growth in the sector, so the outlay of cash for the OIDMTC is becoming uncomfortable, I suppose, for the government in general. But I'd like to say that every dollar that comes back into the industry for interactive digital media companies that I know of goes right back into the companies, and it's continually used to grow and compete and develop our employees.

I would say that, with respect to OIDMTC and the review of that program, there are a few things that do need to be looked at. I think the scope and the parameters of the credit need to be reviewed in order to make sure that the credit is targeting the groups and the industries that it's intended to. The defining of this tax credit is quite broad, so there can be outliers that come in, say in finance or manufacturing, and have a product that qualifies under this credit that they are able to claim. I'm not sure if that's the intention of the credit, but I think that perhaps part of the review is to determine the scope and the parameters in order to focus on the industry that it is intended to focus on.

1100

The other thing about the OIDMTC is the processing time of the application. Right now, to get an application through the process takes 16 to 18 months. If industry is to rely on that money in order to continue to invest, I think that we need to look at the application process and figure out a way to make it more efficient and get the money back into the economy.

So to just do a recap, I think OIDMTC is a beneficial program for the province and the growth of interactive digital media. The program promotes economic growth in a very young industry that has amazing potential. It also helps Ontario companies be globally competitive in the industry and creates very high-paying, skilled jobs in Ontario and keeps our youth here and working.

As part of the 2015 budget-planning process, please consider what I've discussed with you today and realize

the importance of the OIDMTC to the interactive digital media industry and Ontario.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. Before I turn it over to Mr. Fedeli, can you submit your remarks this morning to the Clerk? I think you made some very good points to the committee. I know that Hansard is here to take down all that you said, but it's always good to have a written submission as well.

Ms. Julie Allen: Okay.

The Chair (Ms. Soo Wong): Mr. Fedeli, can you please begin?

Mr. Victor Fedeli: Thank you, Julie, for a very exciting presentation.

I want to say one thing. I know that you would be uncomfortable about the tax credits. I can tell you plain and simply, we're not uncomfortable about tax credits. That's money we wouldn't have. So I can speak for our side of the floor that there's nothing uncomfortable about a tax credit. Good for you for continuing to apply, and I'm so sorry that it takes 16 to 18 months. We find, even today and in the past few days, red tape has been a really big issue that's strangling business, so I'm glad you brought that point up.

What do other provinces and other countries offer, considering the fact that you can be anywhere?

Ms. Julie Allen: From a tax credit perspective?

Mr. Victor Fedeli: Yes.

Ms. Julie Allen: I don't have a great understanding of what they have. Obviously, they have different things—lower labour costs and lower operating costs. There are different costs involved outside of Canada.

The provinces range—and there are so many different programs. I think there's a range of tax credits where—I'd say 20% to 40%, depending on where you are in the province and what type of product you're applying for. That puts us kind of right in the middle: 35% eligibility on eligible expenses is where the OIDMTC sits. So on one end, yes, we're quite a bit on the top of that range. There's so much value to that credit.

Mr. Victor Fedeli: Thank you.

The Chair (Ms. Soo Wong): Three minutes.

Mr. Monte McNaughton: Thank you, Julie. I had the opportunity a few years ago, as the economic development critic for the PCs, to tour a bunch of businesses in your industry, and it's quite exciting to see the number of young people working in it.

My understanding of the tax credit was it wasn't a forever thing. Are you saying that the tax credit should be going on forever, or could the industry survive without it?

Ms. Julie Allen: The industry is so young right now. The problem with interactive digital media is—or the wonderful thing about interactive digital media is it is always changing and always evolving and the technology is always changing.

From my company's perspective, it is an amazing tool to help us be successful and grow. Will we need it forever? Likely not. We would have to change the way

that we operate. We invest in our own IP; we invest in our people as much as possible. I think we'd have to change our business model a little bit if we knew that tax credit didn't exist. For us, the money does stay in the company and does go back into the economy. So I think we would have to change our business model in order to continue to be competitive. But there are benefits to having it, and obviously I would not enjoy the day that they sunset this tax credit. It is something that could happen, obviously, and we'll plan for that when that day comes. But we would have to change our business model. We'd keep all of our employees in Ontario, and maybe it would be outsourcing to different groups or maybe it would be finding some cheaper resources in order to maintain—

Mr. Monte McNaughton: Great. Can you talk a bit about—and if I missed it, I apologize—the net benefit to your company? Did you say the dollar amount that this benefits your company on an annual basis?

Ms. Julie Allen: Since the inception of the assistance—we started filing in 2007—up until last year's claim, \$3 million is the amount that we've been able to benefit from this, so that's over seven years of claims. We've been able to double the size of our Ottawa office. We've also been able to invest in some of our own IP, and we've been able to triple our revenue. There have been clear benefits from having access to that fund.

The Chair (Ms. Soo Wong): Ms. Allen, thank you very much for your presentation. If you could follow up with the Clerk with your written submission, that would be greatly appreciated. The submission needs to be submitted by next Friday at 5 p.m.

GREATER OTTAWA HOME BUILDERS' ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Greater Ottawa Home Builders' Association. Good morning. Welcome. I just want to know: Which one are you? There are two names here. Are you the president or the executive director? Please identify yourself, sir, to the committee and also for Hansard.

More importantly, I just want to make sure you understand that you have 10 minutes for your presentation, and this round of questions begins with the official third party.

Mr. Herbert, I understand you'll be presenting? Thank you and welcome. You may begin any time.

Mr. John Herbert: Thank you very much, Madam Chairman, members of the committee. Good morning. My name is John Herbert, as you know. I'm the executive director of the Greater Ottawa Home Builders' Association. We're part of a nationwide network of home builders that are affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. In fact, our current president, Pierre Dufresne, is also the second vice-president of the Ontario Home Builders' Association.

Thanks for coming to Ottawa and providing me with this opportunity to say a few words today.

Our association is the voice of the new housing, land development and professional renovation industry in the Ottawa area and includes about 350 member companies. Here in Ottawa, our industry supports over 23,000 jobs, and that makes us one of the largest employers of the region. All of these jobs account for about \$1.3 billion in wages yearly, and of course these purchases show up right across the local economy. The total residential-construction-related activity represents almost \$4 billion in annual investment across the region. So we truly are one of the engines that drive the local economy.

Unfortunately, we've been dealing with a number of challenges over the past few years that have recently resulted in some challenges for us.

In 2013, we saw about 6,500 new housing starts, but last year there was a 12% decline to about 5,700 units. CMHC is predicting that 2015 will probably also see a further small decline in housing starts. There are several reasons for this.

As you can imagine, the residential construction industry is highly dependent on the federal government. The civil service cuts over the last four years have taken a fairly significant toll on our market. You may not know that federal procedures require them to notify thousands of employees in a given sector that there are going to be cuts when there might only be half a dozen job cuts, so thousands of people are worried about losing their jobs when in fact very few will be eliminated, and often that's through attrition. It tends to sterilize the market, freeze the market. Civil servants, when they are worried about their jobs—as anybody does—just stop making significant expenditures. That's one thing that has definitely hurt us over the past year.

A second factor is just constant increases in taxation, primarily in the form of development charges. This is having a pretty significant impact on affordability. As one example, in 2014, the city of Ottawa's development charge increased by about 31%, bringing the total charge on a new, small, single-family home to about \$37,000.

The next three pages of this presentation are just some infographics that I've included for you. I'm not going to dwell on those in detail.

1110

The first one, "Why does a new home in Ottawa cost so much?" attempts to just break down the cost of a new home into the major categories to try to convey to the general public just what those major costs are. They're pretty shocked usually to see that the land costs and taxes combined represent about 50% of the cost of a new home. Over the last 25 years we've seen taxes on new homes go from about 3% to almost 25%. So that's a real threat to affordability. I encourage you to maybe take a look at that one in more detail when you might have some time.

The second infographic, "Boomers: Here's why our kids can't afford a home in Ottawa," just shows in a little more detail what has happened over the last 25 years. There's a growing differential between the increasing price of a home and people's increases in salaries over that same period of time. It's pretty significant when you

see that incomes increased by 97% and housing prices have increased by about 185%. A lot of that differential, as I mentioned earlier, is due to increase in land cost and taxation.

Then the last infographic is just one that deals with the development charge increase of 31% that I mentioned earlier, and notes some of the implications of that. I don't know many people who have received a 31% salary increase over the last year—I don't know about you, but—so there seems to be this differential that we want to try to deal with.

The third and last factor that has had a significant impact on affordability in Ottawa is intensification. It's somewhat ironic that municipal intensification policies have been directly responsible for transferring between 5% and 10% of our housing starts to outlying communities, including Quebec, thereby exacerbating urban sprawl. So the whole objective of intensification has failed in our opinion. This occurred as a direct result of creating an artificial land shortage and is having long-term impacts on affordability and housing choice.

There has also been a significant technology shift as a result of the intensification policy, from low-rise wood frame to high-rise reinforced concrete. This has led to quite a wide range of job losses in the historical non-union trade sectors.

I'm providing you with these numbers and observations today as context for the rest of my presentation. These numbers don't just represent a roof over people's heads, they also represent thousands of jobs, from skilled trades to architects, planners, engineers and other professionals such as myself. We remain concerned about the broader economy as some sectors have not fully recovered from the recent recession. The high tech sector in Ottawa has really never recovered from the bubble bursting in 2000. When consumers, as I mentioned earlier, are not confident when they lose a job or they lack security, their first instinct is to simply stop spending on major investments such as new homes.

Our association also represents, as I mentioned, the professional renovation sector within the region. As such we promote the RenoMark program which protects consumers by ensuring our members provide warranties, written contracts, carry insurance, pay their taxes and get all necessary permits etc.

The underground cash operators pose a risk to legitimate businesses and most importantly to consumers. They don't pay WSIB premiums, employment insurance, GST or HST, and they certainly aren't likely to be filing income or corporate tax returns. Our concern is that these cash operators are competing with legitimate businesses that are doing all the right things, playing by the rules, paying their taxes and obtaining all necessary permits. But I'm sure all of you can appreciate that it's difficult to compete on a level playing field when these underground operators, that are doing none of those things, are winning the day. In fact, I know we as an association have lost renovator members who told me that they needed to drop off the radar just to survive and compete in the business because they can't do so in the current environment.

Perhaps the most significant concern with respect to the underground economy is the risk that consumers place themselves in when they ask the age-old question, "How much would that be if I just pay cash?" Consumers are putting themselves at risk of fraud or theft when they pay cash without a contract. In cases where work is completed, the underground operator may not have obtained the necessary permits, workmanship could be shoddy and in many cases not built to meet the code. Lastly, the underground contractor likely isn't contributing to WSIB or adhering to health and safety standards. In the unfortunate event of an accident on-site, many people don't realize that the homeowner is liable.

A cash deal may sound attractive to some homeowners, but they certainly place themselves at tremendous risk, and they create an uneven playing field for Ontario businesses when they cheat the hard-working regular, tax-paying citizens by not contributing their fair share of taxes.

The RenoMark designation has become extremely important in Ottawa, where many potential renovation customers have begun to ask companies if they have this designation. RenoMark is the only customer assurance designation that we're aware of in the renovation sector, and I've included the following page, which lists the compulsory performance requirements for a membership. I would encourage you to take a look at that when you get a minute, maybe later in the day, just to see the kinds of standards that a RenoMark designation requires members to adhere to. As consumers we have become better educated and the cost and scope of renovation work have grown—they've begun to look for this sort of protection. As a result of renovator membership, our membership has almost doubled over the past five years. We're pretty happy about that.

I'd like to just briefly quote Finance Minister Charles Sousa's fall economic update when he says:

"An effective tax administration system also requires businesses to pay their fair share of taxes. When businesses do not pay their fair share, provincial revenues are compromised. This has a direct impact on the programs and services Ontarians expect and rely on. Further, when businesses do not pay their fair share of taxes, they disadvantage other businesses that do follow the rules. Often, businesses that do not pay taxes also ignore the rules that protect employees and ensure that products and services are reliable and safe."

Our association, and by extension the Ontario home builders, certainly supports and agrees with this statement by the finance minister.

We believe it's time for serious—

The Chair (Ms. Soo Wong): Mr. Herbert, can you wrap up your presentation?

Mr. John Herbert: Okay. I'll skip right to the very end and just reinforce some of the comments that I've made and the rest of the comments in the presentation, which I thought was 15 minutes, so my apologies.

The Chair (Ms. Soo Wong): Ten minutes, and five minutes for questions.

Mr. John Herbert: Yes, I realize that now.

In closing, we support a permanent home renovation tax credit to combat the underground economy; we support greater information-sharing agreements to combat the underground economy; and we're seeking a role on what we propose as a provincial task force for stakeholders to look at the underground economy.

We support continued provincial investment in core infrastructure—hard infrastructure, not soft infrastructure like community buildings or recreation facilities, but bridges, roads, underground sewer and water.

We request that the province open a discussion on alternatives to development charges in financing municipal infrastructure in order to address the serious problem of affordability.

Lastly, here in Ottawa, we specifically support the list of infrastructure projects that I've listed in this presentation.

Thank you for your time.

The Chair (Ms. Soo Wong): Thank you. Ms. Fife, would you like to begin the questioning?

Ms. Catherine Fife: Yes. Thank you very much for the presentation. We did hear yesterday from the Sudbury home builders' association, so there are obviously some commonalities, especially around the underground economy.

This is a long-standing issue.

Mr. John Herbert: It is.

Ms. Catherine Fife: It must feel a little bit like Groundhog Day for you to come here and ask once again for action to be placed on this. The same recommendation came from Sudbury and from other jurisdictions on—

Interruption.

Ms. Catherine Fife: I don't know what that is—on making a permanent home renovation tax credit, because—

Interruption.

The Chair (Ms. Soo Wong): Your BlackBerry. Perfect. Thank you.

Ms. Catherine Fife: Sorry about that.

It does; it will flush out the underground economy and those people who are not paying taxes and not adhering to safety practices. What do you think of resistance to bringing in what I think is a very progressive tax regime?

Mr. John Herbert: I don't know. We've always wondered that, at the federal level and at the provincial level. It seems like something that should have been done a long time ago, because it's lost revenue to the government, and it hurts our legitimate renovators. So we certainly support a tax credit, which I didn't get to in my presentation—

Ms. Catherine Fife: That's why I was going to give you the opportunity to address that.

Mr. John Herbert: Yes. I was very pleased to hear the positive comments made earlier here with one of the earlier presenters—I guess a few presenters—on the positive attitude to tax credits, because from what we can

see, they've worked very well in the past, so we suggest that you try them again in the future.

Ms. Catherine Fife: You didn't get to this part of your presentation, but you do want to engage the province in a new discussion on alternative development charges in financing these projects. Do you want to expand on that, please?

Mr. John Herbert: Yes, certainly. As I mentioned in one part of my presentation, we've seen taxes on new homes go from about 3% to 25% over the last 25 years. That's just increasing almost on a yearly basis. We think that development charges have reached a point where they can no longer achieve their objective. It's just crippling the new home business and crippling young people's ability to acquire a home, whether it's a condo, a townhouse or a single-family.

We need to start taking a serious look at how we can deal with this affordability problem. The most obvious solution to us is development charges. They're just out of control. Ours went up, as I said, 31% last year. That, to us, is the easiest and most obvious means by which—the province needs to somehow begin limiting municipalities' ability to increase development charges or start looking at alternative methods of financing municipal infrastructure.

Ms. Catherine Fife: But you do understand why municipalities are looking to that revenue stream. It's very much connected to the provincial tax regime as well.

Mr. John Herbert: Yes, we understand that very closely. We work very hard with the municipalities on each DC review. We understand them very clearly, but we think it's time to do something, because otherwise housing is becoming unaffordable. We're seeing a generation of renters, and there are 50% more millennials living at home now than there were 20 years ago, simply because they can't afford even to rent. Young people are graduating with an average of \$28,000 in university debt, education debt, and then they have to start saving for a home. Affordability is getting to be really, really serious.

Ms. Catherine Fife: How much time do I have?

The Chair (Ms. Soo Wong): One minute.

Ms. Catherine Fife: Just on the intensification, because Kitchener–Waterloo has gone through—just like Ottawa, we were targeted as a good place to grow, so we're trying to build up. It is generating those great, well-paid renovation jobs. What is the difference between K-W and Ottawa? You spoke negatively about intensification.

Mr. John Herbert: We support intensification, the concept of intensification. In Ottawa, it was implemented very poorly, to be honest. The official plan was out of sync with the zoning bylaws. In 2003, the official plan included intensification, but there were 13 obsolete zoning bylaws that had represented the region prior to amalgamation. We kept saying to the city of Ottawa, "If you don't update and do a new comprehensive zoning bylaw to implement the official plan, it's going to create tremendous conflict in the community."

Ms. Catherine Fife: And it did.

Mr. John Herbert: And that's exactly what happened.

Ms. Catherine Fife: The other delegation said, "Build it right the first time," but you have to have the alignment—

Mr. John Herbert: You have to have those two documents synched in order to achieve your objective without tremendous conflict and—

The Chair (Ms. Soo Wong): Thank you, Mr. Herbert, for your presentation and for being here today.

Ms. Catherine Fife: Thank you very much.

Mr. John Herbert: Thank you. I appreciate your time.

The Chair (Ms. Soo Wong): The next group before us is LiveWorkPlay. They're not here? Okay.

The next group after that is National Airlines Council of Canada. Are they here?

Interjection.

The Chair (Ms. Soo Wong): We are going to adjourn briefly for a recess and then hopefully the witness will come back—maybe, say, five minutes. Okay? So we're going to recess for five minutes. Please come back promptly because I do want everybody to come back on time for lunch.

The committee recessed from 1124 to 1130.

NATIONAL AIRLINES COUNCIL OF CANADA

The Chair (Ms. Soo Wong): Okay. I'm going to reconvene the committee. I believe the group from the National Airlines Council of Canada is here. Mr. Marc-André O'Rourke is here as the executive director.

Mr. Marc-André O'Rourke: Good morning.

The Chair (Ms. Soo Wong): Good morning. You have 10 minutes for your presentation and five minutes for questioning. This round of questioning will be coming from the government side. You may begin any time. Please identify yourself for Hansard. Welcome.

Mr. Marc-André O'Rourke: Thank you very much. My name is Marc-André O'Rourke. I'm the executive director of the National Airlines Council of Canada.

Bonjour. Good morning. Thank you very much for the opportunity to be here today and to provide our input as you prepare the 2015 budget. I'm here to talk about the aviation sector's continuing concern with the 148%—and I'm going to say that a lot throughout the presentation. It's a massive increase: 148%, which translates to a four-cent-per-litre increase to the aviation fuel tax in Ontario over the next four years, which was introduced in last year's budget.

This is not the first time we've expressed this concern, as you may know. We expressed it to the Minister of Finance and this committee during last year's process. Today, we are reiterating our call for the government to take a step back, re-evaluate this policy and work with—and this is very important—not only the aviation sector but all the other sectors of the economy to develop a sustainable approach to aviation fuel taxes that doesn't

put, or in this case doesn't exacerbate, an existing competitiveness burden on Ontario's economy.

The National Airlines Council of Canada represents Canada's four major passenger airlines: Air Canada, Air Transat, Westjet and Jazz. We advocate for safe, sustainable, secure and competitive air travel to ensure that Ontarians and Canadians have the best and most cost-competitive flying experience, both within Canada and abroad. Our members are the largest users of Ontario's airports. Collectively, our members carry over 50 million passengers per year and directly employ over 46,000 people. By connecting Canadians with cities across the country and to the world, we are an essential part of making sure that Ontario's regional economies can compete globally.

Our members are very proud of the investments we make in Ontario and our contribution to the province's economy. We really hope to continue to hire more people, make more purchases of aviation products in Ontario, and further expand services in the coming years. However, to do this, there are a few key ingredients. We need a strong economy, we need a competitive tax environment, and very importantly, we need a partner in government committed to the vitality of our sector. We need to work with the government.

Today, I want to share with you how the Ontario government's decision to increase the fuel tax by 148% is harming Ontario's economy. Communities, consumers and businesses all across the province, from Toronto to the southwest, from Ottawa to the north, are all being negatively affected. As we expressed last year, Ontario was already at a competitive disadvantage compared to the rest of Canada, the US and the world. There is no shortage of facts to establish this.

Prior to last year's tax increase, Ontario already had one of the highest taxes on aviation fuel in North America. Ontario is one of the only places in the world—and I stress that: one of the only places in the world—that still levies a tax on international flights. The ongoing economic impact of this increase will be substantial. Dr. Fred Lazar of the Schulich School of Business at York University estimates that the fuel tax increase could cost the Ontario GDP \$97 million in only four years. That's in addition to the more than 2,000 jobs and hundreds of thousands of travellers that will be lost. By 2030, the total cost could be as high as \$1 billion. That's \$1 billion of lost economic potential across the province, just as many regional economies are trying to get back on their feet.

The Minister of Finance has indicated that Ontario's 148% tax increase actually puts us in line with our global competitors. The facts just don't support this. There are no aviation fuel taxes on international flights from leading global cities like London, Paris, New York or Chicago. There are no taxes on international flights from Vancouver, Calgary or Montreal. In fact, the 148% aviation fuel tax increase means that Ontario's aviation fuel taxes will be more than double than any other province. Most provinces don't even charge aviation fuel taxes on flights to the US or out of the country.

Other provinces have recognized the competitive disadvantages of high aviation fuel taxes. British Columbia, despite facing tough financial times, eliminated its aviation fuel tax on international flights. This bold decision showed leadership, and it's already having a real impact. Over 20 airlines have added flights to Vancouver, bringing with them new jobs and economic activity. Despite the initial loss of revenue of about \$12 million, the province actually gained an estimated \$20 million in new payroll and consumption taxes. So this works. The proof is in the pudding.

Over the past 20 years, governments have repeatedly imposed new taxes and charges on the total cost of airfare. Once again, the government has told the public that the new tax will add only a small amount to the price of each ticket and not impact demand. We frankly disagree: These charges add up. Ontario now has the distinction of being one of the least competitive places in the world when it comes to aviation taxes.

We are seeing three million Ontarians cross the border—get in their car to drive to the US to fly from US airports. We fully expect this to continue, even with the weaker Canadian dollar.

The continued phase-in of the 148% fuel tax increase will mean that Ontario will continue to leak jobs, and the economy-stimulating spending that goes with them, to the US.

This is a problem all across the province. Thunder Bay residents are travelling to airports in Minnesota. London and Sault Ste. Marie residents are going to Michigan. Toronto and Kingston residents are going to New York state. As we shared last year—and this is of particular interest for Mr. Fraser—even in tiny Ogdensburg, in upper New York state, they're seizing their opportunity. They're expanding their airport, and they make no bones about it: They're attracting the Ottawa market, which is less than an hour away. We can't ignore the impact that this will have on the tens of thousands of well-paying jobs that rely on a robust aviation sector in Ottawa.

A taxation policy needs to recognize that the aviation sector is an economic driver and part of a high-value supply chain. Businesses and industries across Ontario rely upon accessible air transportation to connect with their customers, deliver their services and market Ontario's economy to the world. We play a vital role in Ontario's regional economies, creating a lifeline to the global economy for communities and businesses in all corners of the province. This ill-advised increase in aviation fuel taxes has placed new burdens on tens of thousands of tourism sector jobs in Ontario, as Ontario competes against the rest of the world in what is a very, very competitive international tourism market.

The 148% increase hinders job creation, economic growth, trade and the competitiveness of Ontario's tourism sector. This will be especially hard-felt in the south-west, the east and northern Ontario, where businesses are facing the greatest pressure in the global economy, and where every cost burden has a bigger impact. We believe that this tax increase has created, and will continue to

create, a disadvantage that Ontario's recovery simply can't afford.

We aren't alone in our concerns about the damage that this tax increase will do. The International Air Transport Association, the Ontario Chamber of Commerce, the Canadian Airports Council, the Conference Board of Canada, the tourism industry associations of Ontario and Canada, and the Association of Canadian Travel Agencies are some of the associations that share similar views. Again, this is not only impacting the aviation sector; it's impacting the whole supply chain.

We know that the government is committed to creating jobs and keeping Ontario's economy on course. We share this goal. We're calling upon the government to freeze any further phase-in of the tax increase until a full review of its impact and other consequences can be fully understood. This should include ongoing, collaborative and meaningful consultations with the aviation sector and other affected parties. It's not too late to take the time to properly understand the consequences of this tax and make smart changes.

Thank you very much, and I'm happy to answer any questions at this time.

1140

The Chair (Ms. Soo Wong): Thank you very much for your presentation. I believe that Mr. Fraser will be leading the government side in asking you some questions.

Mr. John Fraser: Thank you, Marc-André. We've met before. I appreciate your presentation again. Yes, Ogdensburg is a concern. I've met with the Ottawa International Airport on a number of occasions and had some discussions about airports in Canada and the kind of risks that are there.

I want to talk about a few of the things that we've done in Ontario in terms of how they've impacted your business, because I don't want to view this solely in isolation. I appreciate the impact that it has and your concern, not only with the largest jurisdiction in Canada implementing this, which your industry may see as a risk of an expansion of this.

But what I do want to say, first off, is that I want to ask you, in terms of this aviation fuel tax, how that compares to the federal taxation of your industry as an impact and compared to US taxes. I know that airport facilities are treated somewhat differently in the United States, but what I really want is more about your industry specifically.

Mr. Marc-André O'Rourke: Well, there's no question that most of our fees and taxes are with the federal government. That said, in fairness to them, they are conducting a review of that approach, and they have not increased the taxes or fees in a long time. They are looking at ways to reduce their burden.

That's the frustrating part: The only touch-point that we had with Ontario was this tax, so you can understand our frustration. These are the only dealings that we had with the province, and then instead of having a dialogue to see how we can work together on maybe reducing it

like other provinces are doing, we get this—it was a slap in the face, that we’re going to go to a 148% increase.

Mr. John Fraser: Well, I might say that, even with the reduction in fuel prices, which are not permanent—they’re going to have a significant impact on your industry right now—we still tax things like diesel and gasoline at a higher rate than we tax aviation fuel.

Mr. Marc-André O’Rourke: Well, listen, on the price of fuel—

Mr. John Fraser: I think that’s a fair comparison.

Mr. Marc-André O’Rourke: We have to understand here that there’s not only the price of fuel. Our members have to buy fuel in US dollars. There’s the exchange rate, so any potential savings that may be out there are sharply reduced. It’s still a per-litre tax, so our members aren’t saving any tax on the price, and I don’t think we should fall into the trap of making economic policy and public policy based on the volatility of these low air prices. That’s not good, sound policy.

Mr. John Fraser: That’s not what I’m suggesting, and I did say that it’s not a permanent thing, but I did say that it was going to be a net benefit in the environment that we’re in right now and—I don’t want to say the foreseeable future, but the next 12 or 18 months is what most people are saying. I wasn’t suggesting that we should make policy based on that; I was just indicating that that was an economic driver that we have to take into consideration in the short term as well. I get what you’re saying.

The reason I wanted to bring up the federal government is that, as you know, we fundamentally changed how we look at airports. I know they’re reviewing this, but they’re looked at as a bit of a tollbooth, as opposed to Ogdensburg and some other places in the States where municipalities and the federal level of government look at that in a different way.

Mr. Marc-André O’Rourke: Oh, absolutely. We—

Mr. John Fraser: I don’t want to get into airports, but I wanted to make that distinction. That’s a cost in your business, right?

Mr. Marc-André O’Rourke: Yes, the approach that the government took 20-some years ago led, in large part, to the problems we’re having now, but two wrongs don’t make a right. We are working with the federal government to revisit that. So that’s why, again, Ontario is just going completely the other way, using the sector as an ATM to finance other projects.

Mr. John Fraser: I may not agree with that. In more of a general overview, we have a deficit that we’re trying to tackle here in Ontario. It’s easy to say, “Stop spending” and then say, “Oh, can you build a hospital in my riding?” No offence. But what I want to say is that when we’re looking across all sectors, what we’re trying to say is, somehow we have to get to balance and get some contribution, and do it in a fair and measured way.

I think that we are in this case. I understand the impact on you, and I understand your need and appreciate the things that you said here, but I want to put some context into the kind of situation that we’re in, which is not only

for the air travelling public, but for the broader public across Ontario.

The Chair (Ms. Soo Wong): Okay. Gentlemen, I think we’re finished.

Thank you so much for your presentation and thank you for your submission.

Is the group from LiveWorkPlay here today? Calling once. LiveWorkPlay? Seeing none, we are going to be recessing until 1 p.m., so please come back promptly, because checkout is at noon.

Thank you. Come back for 1.

The committee recessed from 1145 to 1300.

ONTARIO WATERPOWER ASSOCIATION

The Chair (Ms. Soo Wong): We’re going to call the committee to order. The first witness before us is the Ontario Waterpower Association. I believe Mr. Paul Norris, the president, is here. Welcome. Good afternoon. Mr. Norris, you know we have you here for a 10-minute presentation, with five minutes of questions. This round of questioning is by the official opposition party. So you may begin at any time. Please identify yourself for Hansard purposes. Thank you.

Mr. Paul Norris: “Witness”?

Thanks. My name is Paul Norris, with the Ontario Waterpower Association. I live and work out of Peterborough.

Thanks for the opportunity to meet with you here today. The Ontario Waterpower Association is pleased to provide input and advice to the committee on the 2015 pre-budget consultation. You should all have a folder that looks like this; it has my written notes in it. You can refer to it as you go or listen to me or both.

By way of introduction, the OWA was founded in 2001 to provide a common and collective voice for the industry in the context of the commercialization of the province’s electricity sector. The OWA has grown to represent more than 160 firms actively investing and involved in Ontario’s hydroelectric industry. I offer the following socio-economic facts for your information:

There are 204 operating waterpower facilities in the province, with a total installed capacity exceeding 8,300 megawatts and a replacement value of approximately \$50 billion.

More than 700 megawatts of new, refurbished and incremental waterpower is now under active development across the province, representing an investment of over \$4 billion.

A recently commissioned socio-economic analysis of active small hydro investment in Ontario, of which there is approximately 200 megawatts, estimated project development investment of roughly \$811 million, provincial revenues associated with land and water leases of roughly \$45 million; and full-time equivalent job creation of approximately 9,900 positions.

The 2013 long-term energy plan expands the target for waterpower to 9,300 megawatts.

Importantly, and unique to waterpower among electricity sources, is the direct revenue provided to the Consolidated Revenue Fund in the form of water resource rentals or royalties premised on the occupation of provincial crown land. On average, annual direct revenues to the Ministry of Finance are approximately \$150 million, generally the single largest source of natural resource royalties to the province. Put simply, virtually every kilowatt hour of existing and new waterpower generates revenue to the provincial treasury.

I'd like to make the case, therefore, for a modest investment through a budget allocation in advancing the information, knowledge and science base upon which current and future regulatory approval decisions for waterpower projects are made. In my view, such a strategic investment today will pay dividends for the province for decades to come.

As you may be aware, the development of timelines for waterpower projects in Ontario has been extended from five years to eight years, as the directive from the Minister of Energy states, "in acknowledgment of the unique regulatory requirements for waterpower projects." As I am sure members of this committee will appreciate, extended development timelines mean extended carrying costs, which inevitably result in increased electricity production costs.

Last year, the association undertook to assess the pre-development costs for small hydro in Ontario and found, on average, that approximately \$2 million was being spent per project on environmental assessment and approvals. Ten years ago, that figure was closer to \$500,000.

While the industry and government continue to work to modernize approvals, there are two key and related factors driving the extended timelines and increased costs. The first is the fact that permitting requirements continue to evolve during development. The majority of current active waterpower projects were commenced before 2008 and are still awaiting permits to proceed to construction.

Since then, we have seen the introduction of new legislation, such as the Endangered Species Act, and significant amendments to existing legislation, such as the federal Fisheries Act. As importantly, we are still awaiting final policy guidance under the Lakes and Rivers Improvement Act and the Ontario Water Resources Act. Put simply, long development timelines inherently add the risk of regulatory uncertainty.

The second factor, and the focus of our proposed budgetary investment, is the lack of solid data and information upon which regulatory approval decisions are being made. Despite more than a century of waterpower development in Ontario, regardless of the overarching energy policy of the province, and notwithstanding that waterpower is acknowledged to be amongst the most environmentally sustainable of electricity technologies, the fact is that each and every project is assessed premised on its own local impacts and benefits. At present, an estimated \$150 million to \$200 million is being invested

project specifically in small hydro to support environmental assessments and approvals that are fixed in space and time.

I have with me copies of tables of contents of some of these assessments. This one was done for a project in northwestern Ontario, and I'll leave it with the Clerk when I leave. This is volume 1, volume 2 and volume 3 of a 560-page report supporting a five-megawatt hydro development. It's a good piece of work, I would say.

The existing environment data collection—fisheries, water quality, geology—and, importantly, the effects assessment, how are you going monitor a project after it's constructed—all of that information is contained in these reports, but this data and information is very project-specific. While it could support longer-term effectiveness monitoring, adaptive management and broader science questions, there is no formal mechanism to do so. It's not a criticism of government; it's merely the reality of the challenge of very long-term assessment programs and the limitations of annual government budgetary cycles.

For example, our recent evaluation of baseline data—that's the data that you collect in order to tell the regulatory approval agency what's there now. We looked at 20 projects constructed between 1981 and 2003, and we found that water quality information was accessible for only three of those projects and that even this data was not consistently captured.

As such, to leverage the considerable investments already being made by the industry—\$200 million in collecting data to support somebody's decision-making process—we propose that the OWA enter into a partnership with the province to establish what we are referring to as a waterpower reference centre.

The association is a proponent of the environmental assessment process to which all waterpower development in Ontario is subject. We have a class in environmental assessment that we authored and had approved by the Minister of the Environment in 2008. As such, we have access uniquely to this data and information.

We scoped this initiative initially as a three-year undertaking, involving the following five phases. First, we need completion of the data and information gap analysis, and needs assessment relative to existing provincial management holdings, such as Land Information Ontario. We are already undertaking phase 1.

Secondly, we need to design and develop an information architecture for the creation of formal data exchange agreements with key provincial ministries. We already have a waterpower data exchange agreement in place with the Ministry of Natural Resources and Forestry.

Phase 3: We have to populate the reference centre, what I'm calling "books"; I'm not an information architecture guy. This isn't a library. We have to take these 500-page books and put them somewhere. Right now, they're sitting in a desk in either Kenora or Kemptville or wherever they happen to be. But we would put in the environmental assessment reports, water management plans, species-at-risk mitigation and mon-

itoring plans, and existing best management practices, of which we've published half a dozen.

Fourth, we need to develop data standards and protocols and data mine these existing books to populate key data sets. Let's ask ourselves intelligent questions about things such as fish passage across 40 different science projects that are happening at the same time right now with no coordination. We're not doing that; we could. It's a lost opportunity, in my mind.

Fifth, we need to provide for ongoing data submission from my members for new projects, to monitor, evaluate and improve. This needs to become automatic on a go-forward basis through our members as they collect information to support new projects with that additional thousand megawatts of hydro we're supposed to be developing in the province.

1310

To achieve this, we propose that the spring 2015 budget specifically identify the establishment of the proposed water power reference centre as an initiative to be brought forward this fiscal year, in partnership with the OWA. As I see it, the benefits to the province are as follows:

—It leverages the industry investment in environmental approvals. We're going to give you back the information that we already gave you, but we're going to put it in a central repository.

—It would reduce costs for government investment in adaptive management and effectiveness monitoring. Every single one of these hydro projects is going to have a 10- to 20-year post-construction monitoring program in place. There is no mechanism within government to collect that information centrally. We will be collecting that information and giving it to government.

—It would reduce the costs for future project investments for both the government and for the industry. I said that on average, the industry is spending \$2 million per project. Based on our experience and on previous initiatives, the government is making significant investments in those projects as well, in terms of its environmental review and approvals processes.

—It would inform key provincial science and policy priorities. If we wanted to know something about water quality across the province, we could identify that as a priority and use these opportunities and this data to answer those science questions.

—In my view, it enables the additional modernization of approvals, through a determination of a risk management framework, as to what matters and what doesn't.

The Chair (Ms. Soo Wong): Mr. Norris, can you wrap up, please?

Mr. Paul Norris: Should the concept be approved in principle, I would be pleased to provide a detailed business case for further consideration.

Thank you. I'd be happy to entertain your questions.

The Chair (Ms. Soo Wong): Mr. Fedeli?

Mr. Victor Fedeli: Paul, thanks for a great presentation and for your passionate delivery and your detailed information over the last few years, taking, I'm sure, all

of the interested people through various water power projects throughout Ontario.

Paul, is water power green energy?

Mr. Paul Norris: Water power is amongst the most environmental and sustainable forms of electricity in the province. Currently, under the Green Energy and Green Economy Act, it is included as a renewable energy source.

My own personal view is that "green" is an individual value proposition that people make for their own cases. I certainly think it is.

Mr. Victor Fedeli: So do I, by the way.

Mr. Paul Norris: Thanks.

Mr. Victor Fedeli: The fact that we're at 8,000 megawatts and growing—what organization is the largest purveyor of water power in Ontario?

Mr. Paul Norris: We have a very diverse industry. In our membership, we have all of the generators—we have Ontario Power Generation, Brookfield renewable power, H2O Power; a whole bunch of municipalities who were wise enough to hold their hydro assets with the commercialization, such as Bracebridge, Parry Sound, Peterborough, Orillia; and a number of entrepreneurs who did business in the province in the early 1980s and are back doing business again. We've actually seen new investment coming here from Quebec and from the US as well. It's a very diverse sector.

Mr. Victor Fedeli: Is the province the biggest player?

Mr. Paul Norris: In terms of ownership of assets, Ontario Power Generation owns about a third of the assets—of those 204 generating stations, about two thirds of the installed capacity. They own most of the big ones, yes.

Mr. Victor Fedeli: How many potential sites are there in Ontario in total, and then how many really good potential sites are there in Ontario?

Mr. Paul Norris: In terms of raw hydraulic technical potential, there are over 2,000 sites that have been inventoried, starting in the 1940s, by the Ministry of Natural Resources. Of those, as I said, there are 200 in production today. The province has identified 9,300 megawatts as its target through the LTEP. We've identified about 12,000 megawatts of potential.

There's some unique potential in the Far North part of the province. We're working actively with diesel-dependent First Nation communities, who are looking to have transmission extended to them and, hopefully, into the Ring of Fire. There's significant water power potential to support those communities in relieving diesel and in development of the Ring of Fire.

Mr. Victor Fedeli: That's where I'm going with this. So there are 2,200 potential sites in Ontario, and several hundred truly viable sites?

Mr. Paul Norris: Yes.

Mr. Victor Fedeli: I wanted to focus in on the First Nations communities, first of all, who have partnered wonderfully with OPG on the Lower Mattagami project. I've been to that site and I know that last week they achieved another milestone and another completion level

on time and on budget—just a spectacular partnership of First Nations and OPG and a wonderful opportunity to make a tremendous amount of water power for Ontario.

I want to talk about, in the Ring of Fire, the four communities that are to the southwest and the one community that's to the southeast. Is there truly an opportunity, considering the Ring of Fire needs maybe 20 megs, to do the Ring of Fire and/or the First Nations communities, hopefully in partnership like they did at the Lower Mattagami?

Mr. Paul Norris: Oh, absolutely. I'm glad you pointed out the Lower Mattagami. It kind of makes my case, I think. That's the single-largest development happening in the province right now. That's an individual environmental assessment that has been done. That information will be given to a district manager or somebody who can make a decision, and we'll never see it again.

But to the point around partnership with First Nations, we've just published case studies, aboriginal success stories. It's not unique to the Lower Mattagami. We've seen it in a number of communities across the province. What's intuitively attractive from a business model perspective for First Nations in hydro is the length of the asset. It's a multi-generational asset.

In terms of the Ring of Fire, we looked at 21 of the diesel-dependent communities that were to be connected and the four communities that are still not to be connected to transmission, and we found that 20 out of the 21 had reasonably accessible hydroelectricity in proximity to their communities. In fact, we're providing that information directly to those communities through a partnership with Ducks Unlimited—

The Chair (Ms. Soo Wong): Mr. Norris, thank you very much for your presentation and your written submission.

Mr. Victor Fedeli: I'll pick it up with Ducks Unlimited, because they're coming later.

The Chair (Ms. Soo Wong): Absolutely. All right. Thank you very much, Mr. Norris.

ONTARIO LONG TERM CARE ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Long Term Care Association. Welcome. Thank you very much. As you heard earlier, you have 10 minutes for your presentation, Ms. Chartier. Can you please identify yourself and your position, and your colleague? After your 10-minute presentation, this round of questions is from the official third party. Welcome. You may start any time.

Ms. Candace Chartier: Thank you. I'm Candace Chartier. I'm the chief executive officer for the Ontario Long Term Care Association. Here with me today is the association's board chair, John Scotland. We just want to thank you very much for having us here this afternoon to present our recommendations for the 2015 budget.

I am an RN by background and I have been working in every part of health care you can work, but for about

the last 15 years I have been in long-term care. I think what I love about long-term care is that our workplaces are our residents' homes. I think it's really important to remember that.

Ontario's long-term-care providers are proud to represent and have the trust of over 100,000 residents and their families annually. We're committed to providing the highest quality of care possible to these seniors.

Our health care system, and particularly long-term care, is facing rapid transformation. Since 2010, with the new requirements for admission to long-term care, only people with really high and very, very high care needs are eligible for long-term care in Ontario. You would have previously heard stats that 20% of residents shouldn't be in long-term care. That's down to 2%. So it's showing you just how much we've changed.

The result is that our seniors are entering long-term care a lot sicker, much more frail, and in a lot more need of medical and personal care. For example, 62% of the residents who live in our homes have Alzheimer's or some related dementia; 46% of those exhibit some form of aggressive behaviour; 92% of our residents have two or more chronic diseases; one in three of our residents have a psychiatric diagnosis such as anxiety, depression, bipolar disorder or schizophrenia; and dual diagnosis, which is a dementia along with a psychiatric diagnosis, is increasing at about 11% a year.

We've reached a critical time in this evolution, and provincial funding has not kept up with the changing demographic of the seniors staying in our homes today. In order to keep up with the increasing needs of the residents that we look after, we need to take action now. We need to modernize provincial funding and put the right tools in place to care for our seniors.

In a time of fiscal restraint, it's important to note that long-term care can care for seniors better and at a better cost than many other institutions. More importantly, while it's not home, our goal is to provide the best home-like setting that we possibly can.

1320

Depending on the patient and the setting, caring for seniors in long-term care can be anywhere from \$300 to \$550 a day less expensive than other settings, and that's straight from the ministry data.

We believe that our priorities and recommendations for our 2015 budget are not only what residents, families and our health care system need, but also what all Ontarians deserve. We have five recommendations that are outlined in the written submission. Recognizing time constraints, I'll walk you through them quickly. But I hope you'll take time to review the entire budget submission and the important background information and data that we've provided to support our recommendations.

Two of our recommendations revolve directly around the funding envelopes and ensuring we're able to cover the rising costs of operating our homes and matching staff to the rising care needs of our residents. Research demonstrates the complex needs of today's residents are

higher than the homes were originally intended to provide, and they are continuing to rise in the future.

Because Ontarians are living longer due to advances in medicine and technology, they're also now living with multiple chronic conditions that require specialized care, coordination and support. Yet, within Canada, the daily funding provided to Ontario for long-term care is the lowest among the reporting provinces. This situation is unsustainable and puts the safety of both the residents and our staff at risk. In addition, the cost of running long-term-care homes has been rising faster than the government's funding.

The government has been allocating a significant portion of our funding by using CPI as a measure. Our costs, however, have been rising significantly faster than CPI. As an example, in one of our key funding envelopes, "Other accommodation," the expenses have risen by 9.4% between 2010 and 2013, but CPI was only 5.4%. It's just not sustainable. We're grateful that we've initiated discussions with the ministry. We need to fix this soon so that we have the right staff to care for our residents.

Our next priority is supporting mental health and dementia care. I quoted the 46% of residents who are living with some level of aggressive behaviour and the one in three who had the psychiatric diagnosis. Residents with aggressive behaviours and mental health issues are our core population who we're looking after today. More dedicated and specialized resources are required to build capacity and provide the care for their needs while maintaining safe homes for all.

Thankfully, recent investments in support teams to provide dedicated care to our seniors have helped. Dubbed Behavioural Supports Ontario, this program has been very helpful in dealing with behaviours when homes have access to in-house resources. We believe that every home and every senior with dementia challenges should have access to these supports and are calling for investment to do just that—to have every home in the province have an in-house behavioural supports team.

Another key priority for some time has been to rebuild our aging infrastructure. We're pleased that the government announced a renewed capital redevelopment plan for long-term care, which has been very well received by home operators who are keen to bring their homes up to current standards. Currently, 44% of our older homes—many of them in small communities or rural locations—don't meet the recent design standards from 2009. Many older homes have three- or four-bed wards and cramped living spaces, which do not meet the needs of the residents living with dementia, Alzheimer's and aggressive behaviours.

With the new standards in place, homes will also be better equipped with fire sprinkler systems and other important life safety mechanisms and we'll be in a better position as well to deal with infection prevention and control. We're working through the details right now with ministry and we're very optimistic that the final plan will expedite this work.

Our final priority is assisting smaller long-term-care homes. Small long-term-care homes play a very important role in our communities and they also care for Ontario seniors by delivering the right care in the right place at the right time. Today, there are 139 homes across our province that have 64 beds or less. These small homes not only provide for the care needs of seniors in their communities, they're also the main employer in those communities.

All long-term-care homes have had to implement a number of changes over the past five years while the care needs of their residents have changed dramatically, and more changes are coming, from how funding is provided to the implementation of quality improvement plans and a whole new slew of indicators coming down the pipe from Health Quality Ontario and CIHI. The capacity of the small homes to absorb this amount of change while maintaining safety and quality of care is limited by the scale of administrative resources at hand, and to manage these change requirements while caring for the increasingly frail residents with complex conditions is pushing their abilities to the limit and putting the residents at risk.

Small homes have higher staffing costs per resident across departments, and in small communities and rural areas, it's really difficult to get qualified care staff. For them to continue to deliver quality care in this increasingly complex environment, they need more resources.

Our recommendation is to provide small homes with dedicated funding per home and per resident. It will allow them to deliver the same level of care as a medium home and a large home. It will also support the community, of which these small homes are such an integral part across the province.

I want to leave you today with the message that a strengthened long-term-care sector benefits all Ontarians. Our homes are committed to delivering innovative, safe, quality-effective, cost-effective care that provides tremendous value for our health care system.

The Ontario Long Term Care Association is making a separate proposal as well to the Minister of Finance to address changes on how property taxes are assessed for some of the long-term-care homes in the province, changes that, if implemented, would free up significant financial resources to assist with meeting the funding needs that I've covered today.

One of the foundations of Ontario's health action plan is to deliver the right care at the right time in the right place. Ontario's long-term-care homes can and want to do that, and we want to do more. If there was ever a right time and a right place to advance the right care, we think it's now and we think it's for long-term care. So let's make it right, with a strategic investment in long-term care today so that we can build resident-centred long-term care now and for the future.

Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much.

Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much for the presentation. You know, this has been a common theme

across the province: caring for seniors. Earlier today, we heard from one delegation who said that we have minimum standards of care for children in child care. Should we not have the same minimum standards of care, for instance, for those in long-term care? Do you want to comment on that, please?

Ms. Candace Chartier: When you say “minimum standards,” are you referring to minimum staffing requirements?

Ms. Catherine Fife: Hours of direct care for seniors.

Ms. Candace Chartier: OLTCA doesn’t support minimum set hours of care.

Ms. Catherine Fife: Why not?

Ms. Candace Chartier: As you heard, our population is very diverse. We’re in 634 communities across the province. You might have a resident who needs six hours of care in one home, because of their profile, and then three in another home. So I don’t think you can solve the problem by putting a set number. You need to get to the right funding model, and you need the funding to go with the resident, based on what the resident’s care needs are.

Ms. Catherine Fife: We heard earlier today that 1.5 hours is the average of care that seniors are receiving, regardless of their diagnosis. You make a very good point that it’s multiple diagnoses; different levels of care and specific levels of care for seniors are needed.

If trying to at least reach some sort of a benchmark around quality of care—which does not exist right now in the province of Ontario—what do you think is the best funding model, with your experience? Is there a framework out there right now that you are going to be taking to the Minister of Finance to ensure that seniors in long-term care get a quality level of care?

Ms. Candace Chartier: The way that we’re measured is through an MDS-RAI system. We’re actually recommending a different set of groupers that identify how to tag the care to the dollars required to care for that resident.

But there are other parts of it too. We’re encouraging allowing staff to work to full scope of practice. If you allow PSWs to work to their full scope and RPNs to work to their full scope, that frees up the 24/7 RN requirement. We’re suggesting it should be a 24/7 nursing requirement. You’ve got NPs coming into our sector—nurse practitioners. A little home in the middle of nowhere, to have a 24/7 RN—that care, based on the needs of those residents, could be assessed internally and free up more hours of care for the residents.

Ms. Catherine Fife: I guess my question is, what is stopping a personal support worker or a nurse practitioner from being able to operate or function to their full scope of care currently in the province of Ontario?

Ms. Candace Chartier: Our Long-Term Care Homes Act does not align with the Regulated Health Professions Act, and it’s something that we’re working on.

Ms. Catherine Fife: So that needs to happen in order for the funding to flow. Would you not agree?

Ms. Candace Chartier: Yes.

1330

Ms. Catherine Fife: It’s interesting to hear how you’ve approached this issue. Because we’re the finance committee, I’m very interested to find out what your recommendations are to the finance minister around property taxes. The other theme that we’ve heard around this province is that property taxes are not the solution to every issue in the province of Ontario, and we need a sustainable resource. I think you’ve made a compelling case for investing upstream versus downstream around long-term care.

Ms. Candace Chartier: I’m going to let John respond on the property tax.

Mr. John Scotland: Sure. I don’t want to detract from the arguments that we’re presenting now simply on property taxes, but I would suggest to you that there is a potential \$100-million savings to the long-term-care and the health care system from minor revisions to how we assess property taxes against long-term-care homes in the province of Ontario. That’s an annual savings.

Ms. Catherine Fife: I assume that we’ll get a copy of that proposal.

Mr. John Scotland: Absolutely.

Ms. Catherine Fife: Anything that involves savings that can be redirected in a more productive way is something that we’re interested in.

Ms. Candace Chartier: Especially the impact on the redevelopment of the homes—that’s going to change the property tax issue significantly.

Ms. Catherine Fife: I know your organization says that nearly half of Ontario’s long-term-care homes do not meet 1998 design standards. That’s a huge backlog for us. We have serious catch-up to do in the province of Ontario.

Mr. John Scotland: We do, and a real challenge for the next 10 years. Can I just say something quickly on staffing?

Ms. Catherine Fife: Sure.

Mr. John Scotland: To be clear, 95% of our nursing envelope goes towards staffing, wages and wage burden. It’s a mathematical formula to determine staffing levels in long-term care. You take the envelope, you divide it by the hourly rates and the wage burden that goes with it, and that determines your maximum staffing. Every year, we maximize the staffing available to us through the funding envelope. When we ask for a 2.85% increase, that’s just to maintain the current staffing levels we have now. If you don’t provide that—

The Chair (Ms. Soo Wong): Mr. Scotland, can you wrap up?

Ms. Catherine Fife: That’s a very good point.

The Chair (Ms. Soo Wong): Thank you very much for your presentation and thank you for your submission.

ONTARIO NURSES’ ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Nurses’ Association; I believe the witness is Anne Clark, the vice-president of region 2.

Good afternoon, Ms. Clark. Please identify yourself for Hansard. You have 10 minutes for your presentation and five minutes for the government side to ask you any questions with regard to your presentation. Welcome. You may begin.

Ms. Anne Clark: Thank you. My name is Anne Clark. I'm an RN and the Ontario vice-president for region 2, and I'm on the ONA board of directors. Region 2 goes from Cornwall on the Quebec border actually through to Scarborough and up to Haliburton, so a large, very rural area.

As I said, I'm Anne Clark. I'm the vice-president for region 2, and I've described where that is, at the Ontario Nurses' Association, or ONA.

I have worked full-time as an RN in the hospital sector since 1980. I have nursed at the Queensway Carleton Hospital in Ottawa on a combined urology/orthopedics and general surgery unit for over three decades.

ONA is Canada's largest nursing union, representing 60,000 registered nurses and allied health professionals, as well as more than 14,000 nursing student affiliates, primarily providing care in hospitals but also in long-term care and the community.

The standing committee will hear from a number of registered nurses affiliated with ONA who will detail the significant challenges to the delivery of safe care for hospital patients in communities across Ontario and for patients in our long-term-care facilities and in community care. I segue very well into what just went before.

You have heard yesterday about hospitals in the north who have responded to budget restraints with cuts to RN positions and the implementation of staffing models that have replaced RN care with less-qualified staffing. You have heard how this underfunding of hospitals results in fewer RNs, which does hurt patient care.

This afternoon, I want to talk about the challenges in the Ottawa area and provide you with the evidence and with some stories from the front lines that demonstrate the urgent need for more registered nurses in our hospitals to meet the increased care needs of our complex and unstable patients. Most of them, by the way, come from long-term care.

Overall, Ontario has 71 RNs per 10,000 population, compared to 83.6 RNs per 10,000 people in the rest of Canada. This ratio is the second-lowest in Canada—not a very good statistic. This creates a significant gap in RN care for Ontarians who are in hospitals.

First, we are calling for an end to underfunding hospitals; 0% for hospital base budgets has to cease. Funding for hospital base budgets must cover the cost of inflation and the growth in population. Multiple years of funding for hospitals below the cost of inflation and population growth is creating high-risk situations for patient care.

Second, to begin to address the consequences of the gap in RN care, we are calling on the government to develop a nursing human resources plan to stabilize our care with that provided in the rest of the country. We also need a comprehensive nursing human resources plan to

identify where RN care fits into the government's vision for health care in Ontario.

Ontarians have lost millions of hours of care from cuts to RN care in hospitals as a result of a three-year funding freeze in hospital base operating budgets. You heard yesterday that higher levels of RN staffing in hospitals are essential to care for patients with complex and unpredictable outcomes. Studies show that adding one patient to a nurse's average caseload in acute care hospitals is associated with a 7% increase in complications and patient mortality—that's a nice word for "death."

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections and other unplanned complications such as unplanned extubations, where people pull out their breathing tubes.

Remember, these are critical situations for patients in our hospitals. Since 2012, more than three million hours of RN care have been cut from Ontario's health care system as a result of the underfunding. This completely ignores the evidence linking RN care to improved health outcomes for our patients.

I will share with you what is occurring in the Ottawa region in some of our hospitals to illustrate the consequences for patients when funding is not adequate. The Ottawa Hospital, our largest hospital in the region, is predicting a \$20-million budget challenge in 2015-16. The Ottawa Hospital closed beds on many of the in-patient units, not actually removing the beds, but creating what are called "flex beds" to be available during a surge, when too many patients come in the door. As a result, these closed, unfunded beds are always open—they're never closed—with no increase in staffing or decrease in patients for the complement of RNs available. Occupancy is frequently greater than 100%.

The Ottawa Hospital uses a large number of unbudgeted beds for surges in its activities. An example is 15 unbudgeted medical beds, open for almost a year, and seven unbudgeted surgical beds that just opened last week. Both are supposedly closed, not funded. When they are opened, this requires utilizing all the medicine relief pools to staff all these areas.

The Ottawa Hospital is expecting a funding shortfall in 2014-15, in part as a result of the frequency of unfunded beds being utilized on a daily basis.

The Ottawa Hospital has also removed other resources at the front line. It has laid off orderlies, ward clerks, physios, OT and social work, therefore increasing the workload of the remaining RNs. In addition, management is being directed to cut down on overtime because of the budget constraint; therefore, no workload or sick call relief at all times. You can imagine that there are sick calls and there are workload issues. Nursing staff are also having a difficult time getting vacation; there's no relief available. This ultimately affects the health and safety of the nurses who are available to provide the care.

We have also been advised that the Multiple Sclerosis Society is pulling the funding they provide to run a multiple sclerosis clinic at the Ottawa Hospital. This will affect the care for those patients at the Ottawa Hospital.

There are also developmentally challenged patients at the Ottawa Hospital in psychiatry. These patients have severe behavioural problems and cannot be placed where they need to be placed because there is nothing available in the community where they can be placed safely. The psych unit is not the right environment for these complex patients with complex behaviours.

1340

Quinte Health Care, in the Belleville area, has announced a funding gap of \$12 million for 2015-16. To date at Quinte, five nursing positions have been deleted, including nurse educators, a breast-screening nurse navigator and an outpatient crisis intervention nurse. We anticipate multiple cuts in the coming months.

The impact of the loss of nurse educators means that certifying and yearly certification are not being done so that staff are available to do this work. That workload increases, and other people have to do the task, or they have no training on the new equipment.

Brockville General Hospital has announced that it is half a million dollars over its planned deficit, primarily because of rising utility costs.

The Royal Ottawa Health Care Group has announced that it will eliminate RN care in geriatrics—and you heard how complex they are—which will surely mean an increase in staff injuries because of increasing assaults.

From Cornwall Community Hospital, we are hearing of the need to address the lack of funding and beds in times of crisis. At Cornwall, we are told that they currently have to hold 15 to 20 admitted patients in emerg with every possible bed opened even if it is not funded. They have extra pods opened, and on a recent night they had 20 admitted patients in emerg without beds. This is a common occurrence.

On nights, for every eight admitted patients in the ER, they get an extra staff, and for every five on days, they get an extra staff. But there is physically no room to move, as stretchers are all over the halls and ambulances cannot off-load.

Then there are the hallway patients on the units that have screens around them for their privacy.

This is no way to deliver care, and the demand is just there and does not go away.

Another example comes from Peterborough Regional, where four RN positions have been eliminated, with replacement by—

The Chair (Ms. Soo Wong): Ms. Clark, can you wind up your presentation?

Ms. Anne Clark: I will. Basically, these are impacting patient care, and studies do show that the costs of increasing registered nurses in hospitals are associated with cost savings. They reduce adverse outcomes and the length of stay, and avoid patient deaths.

Freezing hospital base budgets below the costs of inflation and population growth is cutting funding for patient care.

The Chair (Ms. Soo Wong): Ms. Clark, I'm going to stop you right here so that we can get some questions from the government.

Ms. Anne Clark: Yes, I'm finished. Certainly.

The Chair (Ms. Soo Wong): Mr. Fraser, can you begin?

Ms. Catherine Fife: Are we going to get a copy?

Ms. Anne Clark: I've left a copy. I have.

The Chair (Ms. Soo Wong): She gave it to the Clerk. There was only one copy, so the Clerk will make copies. Okay. Mr. Fraser?

Mr. John Fraser: Thank you, Ms. Clark. Thank you very much for your presentation. I very much appreciate the work that you do and the work that your members do.

Ms. Anne Clark: Thank you.

Mr. John Fraser: I come from a family of nurses. My mother was a nurse at NDMC here in Ottawa—which used to exist, but no longer; it hasn't for about 15 years.

Ms. Anne Clark: Yes, I knew it.

Mr. John Fraser: She did about 35 years there, on the floor. It's very hard work.

But I would like to ask you to just go back to something that you mentioned in terms of freezing hospital budgets. One of the challenges in an environment where we're borrowing in the neighbourhood of about \$12 billion a year, just to put it in context, is that you have a choice at that point. That choice is, well, we can get ourselves to zero, as some people suggested, and to do that, we're going to have to cut back on these services. We built them up. When you take a look inside Ottawa in terms of the investment in capital and capacity here, it's about a billion dollars. Every hospital has had a crane.

From our perspective, what we're trying to say is, let's try to keep all of those services intact and do our best to keep everybody working. We'll still continue to borrow money and work our way to balance.

It's a challenge, on the government's side, to try to create that balance where you do the best you can, instead of just getting yourself down to zero. Then there's an expense that comes with that, but you don't see that on ledgers; it comes in people's lives.

Ms. Anne Clark: The expense comes on the front lines, because when hospitals cut budgets, the first people they cut are RNs. An RN delivers. We're trained; we have the ability; we have the education. We are the best bang for the buck—I'll put it bluntly. We do everything.

The only patients we have in hospital today are complex, with multiple comorbidities, who need constant assessing. What happens is that they go out of the hospital too soon, and it's a revolving door; they bounce back in. Getting them the care they need while they're in, with an RN staffing complement for their needs, will actually decrease costs.

Mr. John Fraser: Ms. Clark, please don't take what I'm saying as saying that the work that you do or the complexity of patients inside hospitals—

Ms. Anne Clark: Right.

Mr. John Fraser: I understand that—and the relationships that exist inside hospitals between practitioners, which I have some understanding of because my mandated role in government is scope of practice. That touches on what you're saying.

Ms. Anne Clark: It does, yes.

Mr. John Fraser: I wanted to put that out there just to put into context the position the government is in in terms of trying to make some decisions to make sure that we do the best we can to keep people healthy, and employed as well, at the same time, instead of tearing down all the things that we've built. The capacity exists there in the system. We're in a situation right now where it's tight, and we have to do the best we can to manage those scarce dollars, a lot of which we're borrowing.

I do want to ask a question with regards to Ebola and your interaction with the government in terms of how the ONA—

Ms. Anne Clark: We had an amazing interaction with the government. They were very responsive. They worked very closely with us and we were able to implement plans that were in place very quickly with resources there. So it was a very good collaboration and we were very happy, because we did not want another SARS, where there was a lack of communication and we weren't consulted.

We are the front lines; we do it every day. We know what we need. It was an excellent collaboration and we were very thankful that our expertise was called upon. And it's continuing, which is very good.

Mr. John Fraser: Again, I recognize, not just from familial experience—having witnessed a number of family members in hospital and in long-term care—how the input and the interaction in the health care system of the nurses has evolved over, I'd say, the 30 or 35 years that I can say I've observed that. And then you get to understand—

The Chair (Ms. Soo Wong): Thank you. This time is up. Thank you, Ms. Clark, for your presentation and your written submission.

Ms. Anne Clark: Thank you.

DUCKS UNLIMITED CANADA

The Chair (Ms. Soo Wong): The next group coming before us is Ducks Unlimited Canada. I believe it's Mr. Nicholas Gall, their federal policy analyst. I think the Clerk is circulating the presentation. Good afternoon. Welcome.

Mr. Nicholas Gall: Good afternoon.

The Chair (Ms. Soo Wong): As you know, we will be hearing from you for 10 minutes, sir. This round of questions will be from the official opposition party for five minutes. You may begin at any time. Please identify yourself for Hansard.

Mr. Nicholas Gall: Certainly. Unfortunately, I don't have multiple copies of the presentation. That's a fact sheet that is circulating. But I will provide those copies as soon as possible.

My name is Nicholas Gall. I'm appearing here today in my capacity as federal policy analyst with our national office here in Ottawa on behalf of my colleague Lynette Mader, who is the manager of provincial operations for Ducks Unlimited Canada, Ontario.

Thank you very much for the opportunity to be here today. Ducks Unlimited Canada understands the government of Ontario is challenged with balancing a multitude of priorities within considerable fiscal constraints, so we respectfully submit the following list of core priorities for inclusion in the 2015 budget.

First, by way of introduction, Ducks Unlimited Canada was established in 1938. It's a charitable, not-for-profit organization dedicated to conserving wetlands and associated habitats for the benefit of North America's waterfowl, which, in turn, provides healthy environments for wildlife and people.

As Canada's leader in wetland conservation, Ducks Unlimited Canada partners with government, industry, non-profit organizations and landowners to conserve wetlands. Using sound science, Ducks Unlimited Canada has been protecting, restoring and managing wetlands and associated upland habitats for over 75 years. In Ontario alone, Ducks Unlimited Canada has conserved close to a million acres of habitat in collaboration with more than 2,500 private landowners, 1,200 volunteers, 30 municipalities and almost 30,000 supporters.

Ducks Unlimited Canada is part of the larger Ducks Unlimited family, which has representation both in the United States and Mexico. Ducks Unlimited Canada is active in every province and territory in Canada.

I'd also like to emphasize that we have very significant leveraging power through the North American wetlands act, which effectively triples our investment in wetland conservation in Ontario. Every Canadian dollar that we raise has the potential to leverage one dollar from our sister American organization, Ducks Unlimited Inc., which, in turn, leverages another \$2 through the US Fish and Wildlife Service. So effectively, each Canadian dollar invested equals \$4 in conservation potential.

1350

Wetlands and their associated habitat, our natural capital, provide valuable ecological goods and services. Wetlands maintain and improve Ontario's drinking water quality and quantity by filtering pollutants and recharging groundwater aquifers. Wetlands maintain and improve service water quality on which the health of our Great Lakes depends. They provide environmental and societal value by moderating the effects of droughts, floods, climate change and erosion.

Wetlands also offer tremendous recreation and learning opportunities for people of all ages and are essential habitat for as many as 600 Ontario species of wildlife, including many species at risk.

Wetland values also contribute to Ontario's economy. Several studies have begun to quantify the economic value of some of these services. A recent DUC study found that wetlands currently remove harmful phosphorus from Lake Simcoe and save local municipalities in the Barrie area about \$300,000 a year just in terms of phosphorous filtration. Wetlands also in the Lake Simcoe basin are estimated to be worth \$11,172 per hectare annually, or \$435 million a year, in terms of total ecological goods and services through water regulation, water filtration, flood control, waste treatment, recreation and

wildlife habitat. Wetlands on the Ontario Greenbelt are estimated to be worth \$14,000 per hectare.

Ducks Unlimited carbon research findings indicate a potential carbon value. Assuming a hypothetical carbon price of \$30 per tonne, each hectare of restored Ontario wetlands is estimated to be worth between \$156 and \$406 per year.

The province of Ontario has recently committed to reversing the trend of wetland loss by 2025.

Interjection.

Mr. Nicholas Gall: Sorry. Is there some issue with the microphone?

The Clerk of the Committee (Mr. Katch Koch): No. You're too close; back up.

Mr. Nicholas Gall: Oh, okay. You're right. Thank you.

The province of Ontario has recently committed to reversing the trend of wetland loss by 2025. This impressive commitment will only be achievable through multiple cross-ministry involvement and recognition of wetland values.

Despite this important first step, our research in conservation planning efforts, as identified in our North American conservation vision, indicates that there is much work to be done in Ontario. In southern Ontario, over 70% of our wetlands have been lost, and research has confirmed that this trend is continuing. We estimate the cost to restore adequate wetland cover in southern Ontario to be approximately \$3 billion.

Ducks Unlimited Canada has a goal to conserve all existing wetlands in southern Ontario and to restore two times the current amount of wetlands over the next 20 years. Current landscape analysis indicates that a significant portion of southern Ontario is well below sustainability thresholds and that our still-healthy landscapes are under considerable threat. While the Ontario government has developed policies that protect habitat, a significant investment is needed for efforts that will restore ecological health to landscapes to adapt to the impacts of climate change and to continue to support humans and wildlife.

DUC believes that a comprehensive wetlands policy for Ontario that includes a mitigation sequence is critical to ensuring these valuable features are protected and restored. DUC believes that a mitigation sequence that enables wetland compensation in specific circumstances is a concept that can help to ensure a net gain of wetlands on the landscape, which, in turn, provides solutions across a variety of ministry interests and mandates.

More wetlands on the landscape contribute significantly to biodiversity and will help to mitigate the impacts of climate change. Wetland constructed as compensation can be a valuable asset on a landowner's property, not just for the environmental benefits, but for their value in biodiversity.

Thirdly, a comprehensive policy that enables mitigation and allows for compensation can provide a more clear path forward for industry, as opposed to the current path of navigating a complex array of regulatory requirements.

DUC believes that a mitigation sequence that enables wetland compensation in specific circumstances is a sustainable growth enabling solution that can bring a wide variety of stakeholders to the table, including land developers, industry, agriculture and conservation groups.

Here follows our six core recommendations:

Number one: Ensure the Ministry of Natural Resources and Forestry transfer payment to DUC of approximately \$350,000 per year is maintained and increased.

Secondly, ensure investment of provincial government dollars results in a net gain of wetland acres: Ideas for achieving this include a policy that Ontario infrastructure dollars invested must result in wetlands gain achieved through the implementation of a mitigation sequence—where avoidance of the wetland feature is the first step, minimization of the impacts is the second step, and compensation for loss of habitat, when unavoidable, is the third step.

Thirdly, invest in conserving southern Ontario wetlands through a legacy fund: Development of a legacy fund for wetland conservation in Ontario of \$5 million per year is needed to ensure existing wetland infrastructure is maintained and repaired and that new wetland acres continue to be added to this inventory. Despite the current habitat protection policies in place, Ontario loses wetlands faster than they can be restored. In some southern Ontario counties, the rate of loss is upwards of 95%. If this trend is not stopped and reversed, the negative impacts will be widespread and far-reaching. Notwithstanding the negative impacts that a dramatically reduced wetland abundance will have, this continued loss will impair the overall future quality of life of all residents of this province. We urge the province of Ontario to make wetland restoration a legacy initiative by establishing a significant fund similar in size and scope to Environment Canada's Natural Areas Conservation Program which will underwrite a comprehensive wetland conservation program in Ontario over multiple years into the future as well as create green jobs and stimulate the economy.

Fourthly, invest in conserving northern Ontario wetlands: Our legacy of valuable wetland infrastructure in northern Ontario will require an investment of approximately \$4 million. DUC Ontario strongly urges the province to invest in the infrastructure and renewal of wetland projects in northern Ontario. This will create green jobs and stimulate the economy in the north while protecting valuable wetland habitat. This in turn will:

- protect biodiversity;
- help to mitigate climate change and sequester carbon;
- mitigate floods and drought;
- provide recreational opportunities; and
- support a green economy and a healthy Ontario.

Fifth, the Great Lakes: The Great Lakes basin is very significant for Ontario. Of course, 98% of Ontario residents within the Great Lakes basin rely on the Great Lakes for their drinking water. Three out of four Ontario residents rely on their drinking water from the Great

Lakes. As the Great Lakes Water Quality Agreement has been—

The Chair (Ms. Soo Wong): Mr. Gall, can you wrap up because there's some questions?

Mr. Nicholas Gall: Certainly, yes. My apologies.

As the Great Lakes Water Quality Agreement has been successfully renegotiated and subsequently the Canada-Ontario agreement respecting Great Lakes water quality has been renewed, and as the Obama administration has made a significant financial commitment to the Great Lakes over the next five years, the province of Ontario should recommit resources to habitat and associated targets over the next five years to restore and protect the Great Lakes.

Lastly, we recommend investing \$2 million for wetland science to support conservation planning. The province should partner with—

The Chair (Ms. Soo Wong): Mr. Gall, I'm going to stop you here, because I understand you'll be submitting that in writing to the committee.

Mr. Nicholas Gall: Certainly, yes.

The Chair (Ms. Soo Wong): I want to get Mr. McNaughton, of the official opposition party, to ask you some questions about your presentation. Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much. How much are you receiving from the provincial government annually now? Did you say \$350,000 per year?

Mr. Nicholas Gall: I believe, yes, for that specific investment, which is through natural resources.

Mr. Monte McNaughton: Right, and you said maintain and increase that. So what is the ask? A minimum of \$350,000? Is that essentially what—

Mr. Nicholas Gall: I believe so, yes.

Mr. Monte McNaughton: Okay. And just a question on the legacy fund, and I'm not sure of the inner workings of Ducks Unlimited: Have you partnered with the private sector on some of these initiatives?

Mr. Nicholas Gall: Again, I'm reticent to respond in my capacity as—my primary focus is the federal file. But from my understanding, all of our government-supported work does have substantial private-sector backing as well.

Mr. Monte McNaughton: Right. And then just finally, an issue I've raised a number of times: I have an issue in my southwestern Ontario riding with phragmites. Is that something that Ducks Unlimited is looking at? I know it's seriously damaging wetlands across southwestern Ontario, and I was just curious if you were familiar with—

Mr. Nicholas Gall: I think I misheard you.

Mr. Monte McNaughton: It's called phragmites.

Mr. Nicholas Gall: Phragmites? No, I'm not familiar with that. I'm sorry.

Mr. Monte McNaughton: I'm assuming that's something that Ducks Unlimited is looking into.

Mr. Nicholas Gall: I'd have to get back to you on that. I'm sorry.

Mr. Monte McNaughton: It is a weed, essentially.

What is the major reason that we've lost 70% of wetlands in southern Ontario?

Mr. Nicholas Gall: Primarily it's agriculture. You've also seen, of course, significant urban expansion in communities in southwestern Ontario. That is definitely the hardest-hit area in Canada in terms of concentrated wetland loss, for sure.

Mr. Monte McNaughton: Thanks.

The Chair (Ms. Soo Wong): Mr. Fedeli, you have three minutes.

1400

Mr. Victor Fedeli: Thank you. What is the \$4 million in northern Ontario for? Can you describe the project?

Mr. Nicholas Gall: Yes. We have a number of projects up there, approximately 30 or 40, I think. Most of them were undertaken in the early 1980s, so they're declining considerably in terms of the quality of their ability—water control structures, for example, are degrading over time, naturally. This investment would be to bring those back up to standard, where they can be effective components of preserving ecosystem integrity.

Mr. Victor Fedeli: Which buildings are you referring to? I'm not sure I know what you're referring to.

Mr. Nicholas Gall: They're not buildings per se. Typically, they would be a dam or a similar water control structure in a specific restored wetland environment.

Mr. Victor Fedeli: Are they publicly owned or privately owned?

Mr. Nicholas Gall: In many cases, they are privately owned. There are some publicly owned projects as well, I believe.

Mr. Victor Fedeli: Is this \$4 million annual or a one-time ask?

Mr. Nicholas Gall: Again, I'm not 100% certain of the specifics. I'm sorry.

The Chair (Ms. Soo Wong): Okay. Thank you very much. If your organization could submit your remarks in writing by next Friday—

Mr. Nicholas Gall: Certainly.

The Chair (Ms. Soo Wong):—and any outstanding questions the opposition party has asked about, that would be really helpful.

Mr. Victor Fedeli: Including details of the \$4 million.

The Chair (Ms. Soo Wong): Exactly, the \$4-million northern project you just talked about. That would be really helpful.

Thank you very much for your presentation and your submission.

Mr. Nicholas Gall: Absolutely. Thank you.

MR. PIERRE DROUIN

The Chair (Ms. Soo Wong): The next witness is Pierre Drouin. Sir, welcome. Can you please identify yourself for the Hansard? You have 10 minutes for your presentation. This round of questions will be from the official third party. You may begin at any time. Thank you.

Mr. Pierre Drouin: My name is Pierre Drouin. I'm making a presentation as an individual taxpayer of Ontario. I would like to thank the members of the committee for allowing me to make this presentation.

I have lived in Ontario for over 75 years. I must admit that I have been blessed with a very good standard of living, both at work—50 years in education: elementary, secondary, and mainly now at university—and at retirement, a quality of life I doubt my daughter and my granddaughter will enjoy, because Ontario needs fixing, and it needs fixing fast.

I do not believe that we can have a balanced budget or even make a dent in the provincial debt by nickel-and-diming expenses or by hoping there will be a sudden surge in revenues. No economic or financial forecast predicts any major increase in revenues across Canada. There may be some, but it will not be a major increase.

What I would like, and I would make a recommendation to all members of the Legislature, is to put aside finger-pointing accusation and work together to fix Ontario.

I will make the presentation based on the basic principles of equity presented in the Canadian Charter of Rights, the Pay Equity Act, the Employment Standards Act, the Human Rights Code of Ontario and the Canada Health Act. I will address five issues.

The first is on the public sector pension plans. I have chosen four public sector pension plans, but I could have added additional pension plans for comparison purposes. I found major inconsistencies and flaws in comparing these four pension plans. By fixing these, I think that we will have stronger and better pension plans, allowing government to reduce its contribution rate to the public sector pension plan.

I've taken HOOPP, OMERS, OPSEU and the Ontario Teachers' Pension Plan. If you look, there's a major difference in the contribution under \$52,500 and over \$52,500. I wonder why there are such differences in the pension plans. Does the government favour teachers over nurses by contributing a larger portion to their pension plan, or favour municipal employees over health care workers if we look at OMERS?

Some of the inconsistencies that I've looked at are, why base pension plans on the five best years of contribution when, in fact, the premiums I pay are not based on the best five years? One way would be to look, maybe, at the average career earnings to calculate pension and not at our best five.

Base pay versus base pay plus overtime: Some pension plans allow pension to be calculated on base pay plus overtime—some, not all.

Stacking of pension benefits: I can draw from a pension plan from the federal government, I can draw from the provincial, and I can draw from the municipal. This is an area that should be looked at.

Pension buyback: With new investment vehicles like the tax-free savings account, employees could invest in these areas instead of buying back. "I pay a smaller amount of money, and I get greater benefits on my pension benefits."

Also, an area that should be looked at is the matching of employer and employee pension contributions. Why must it be the same? Why must it be for the same length of time? Why must it be for all salaries? Is it possible to look at areas where we can cap? For example, a contribution would be up to a certain amount—I put an amount of \$75,000, but this is flexible. I made the calculation that a reduction in the contribution by the employer of 2.5% on all pension plans would yield at least a billion dollars that could be used for services.

I don't believe that balancing a budget has got to be done by cutting services. We have to look at all areas of expenses, including pension plans, salaries and so on.

The recommendation I'm making is very straightforward: Look at the pension plans and address the inconsistencies between the pension plans.

Another calculation I've made: If we took the lowest denominator and put all pension contributions by the employer at the rate of HOOPP, we would also save a billion dollars. There's no reason why a group of public employees should have better benefits than somebody else doing an equivalent or even more demanding job than others.

The second issue is that when we look at public employees, they sometimes get benefits no one else gets—automatic pay increases because of their pay structure. "I teach one additional year; I get additional money, but I'm doing the same job." This is automatic. "I take a course, and then I will look at an area involving pay grades based on qualifications and experience." This is an issue that should be looked at.

Complementary health care plans: Why should citizens of Ontario be subsidized by public funds to get additional health services that nobody else can get? This is a question of equity.

Parking: Some employees have to pay. Nurses go to the hospital and pay for their parking. In other areas, people don't pay for their parking. You want schools to have a source of funds? Introduce paid parking for teachers and employees. Introduce paid parking for all public employees—or say, "Everybody gets it free or everybody pays."

I've made a recommendation on looking at subsidization of complementary health care benefits on page 6.

Issue number three, education expenses: I've done lots of research and I've looked at, for example, placement of teachers in salary grids, which is decided by a union-subsidized organization, the Qualifications Evaluation Council of Ontario. It's not a ministry-funded organization, which means that nobody at the school board or at the ministry level has full control of how much money it's going to cost for salaries. No private employer could work this way. "I take courses and automatically I can move in the grid." Nobody knows that. No school board can predict how many of their teachers will be taking qualifications. You could have a thousand teachers across Ontario taking courses, and they will move in the grid, and it means additional expenses. I will address that later on, looking at a different pay structure for teachers and

for any group of employees where their pay grades are based on qualifications and experience. So there's a loss of control of salary expenses.

1410

There's also inconsistency on being placed on the grid for my teaching assignment. For example, I could be qualified in history. QECO will place me in category three, but I teach mathematics, an area in which I'm not qualified. This is another area that should be looked at.

The present system does not look at the supply-and-demand free market. We have a surplus of qualified graduates from faculties of education, a surplus of teachers, and still the pay is staying the same. There should be a supply and demand aspect to public sector employees.

Equal pay for work of equal value, or equal pay for equal work—a principle that has been defended by unions way back—cannot justify why, where two teachers are doing exactly the same job, with the same qualifications, one gets \$30,000 less than somebody else.

A pay equity challenge would put the government in a very, very serious position, and I'm not certain that nurses will not eventually go on a pay equity challenge to the government. It will come about. Why are teachers paid, at their highest level, \$100,000 and nurses at the most \$65,000 to \$72,000—same qualifications?

There might be objections by teachers' unions, but I will look at one objection on qualifications because they argued against qualifications way back in the 1950s and 1960s. In the ruling on the Wentworth County Board of Education versus the teachers' union, because some teachers without academic qualifications were being paid less than those with academic, they argued against qualifications, and they won. There's a precedent to set that up.

The Chair (Ms. Soo Wong): Mr. Drouin, can you wrap up your presentation? There are going to be some questions from Ms. Fife to you.

Mr. Pierre Drouin: Okay.

The Chair (Ms. Soo Wong): All right. Ms. Fife, will you begin the questioning?

Ms. Catherine Fife: I think we're pretty clear about where Mr. Drouin stands on a number of issues based on the presentation.

Can you just clarify—you were a teacher?

Mr. Pierre Drouin: I was a high school teacher. I was a chief negotiator in negotiations for about 15 years. What I'm saying might look like blasphemy to you or to some of my fellow teachers, but I think it's time that we look at fixing Ontario first.

Ms. Catherine Fife: So I think you understand that negotiations with teachers are going to be coming up in this province, and a number of issues will be on here. As a former trustee, I can tell you that the parking issue has been approached by several boards across the province.

I thank you for taking the time to come in and share some of your concerns. I think that the finance committee is looking for creative suggestions for savings across the province, and we have a responsibility to take your

suggestions back to our respective parties. Thank you very much, Mr. Drouin.

Mr. Pierre Drouin: Thank you.

The Chair (Ms. Soo Wong): Thank you very much for your presentation.

PARKINSON SOCIETY ONTARIO

The Chair (Ms. Soo Wong): The next group coming before us is the Parkinson Society Ontario.

Just to remind everybody, we have a call-in, so I wanted to make sure we're on time. That's why I'm so strict about the time.

Good afternoon, sir, and welcome. Are you Lloyd Cowin?

Mr. Lloyd Cowin: Yes, I'm Lloyd Cowin.

The Chair (Ms. Soo Wong): Welcome. Can you please identify yourself for Hansard purposes? You have 10 minutes for your presentation. This round of questioning will be from the government side. You may begin at any time.

Mr. Lloyd Cowin: Thank you. Yes, I am Lloyd Cowin.

I just want to say, to start out, I don't envy you. You have to absorb a lot of information in a short period of time. So many needs and so little money; it must be overwhelming at times.

My name is Lloyd Cowin. I'm a member of and volunteer for the Parkinson Society Ontario and a resident of Orléans. I've had Parkinson's for over 10 years. Today, on behalf of the three regional Parkinson's offices in Ontario, I'd like to highlight the challenges of Parkinson's, some of the implications and costs of the disease to the province, and introduce means to mitigate these costs. My agenda will be to briefly describe Parkinson's, the good work of the Parkinson Society Ontario, the research that has been done recently that's very revealing, and some recommendations. I'm going to do all that in 10 minutes.

Parkinson's is a serious progressive neurodegenerative disease that has devastating impacts on individuals and families. I want to emphasize the family aspect; I'll talk about this a little bit more, but it does have a devastating impact on families. It's most commonly known for its movement disorder symptoms such as tremors and involuntary movements. However, recent research has highlighted the significance of cognitive and non-motor issues with Parkinson's—the hidden parts of this disease. I can personally attest that these parts are very significant in my own life.

There is no known cure for Parkinson's, and there are approximately 40,000 people in Ontario right now living with Parkinson's. That means there are about 160,000 people in Ontario who are affected by that disease, including families, friends and caregivers.

Parkinson Society Ontario is part of the umbrella of the Parkinson Society Canada, of course. It's comprised of three regional offices offering support services, information and specialized programs for Ontarians

living with Parkinson's, and their caregivers. All of this is funded solely through donations.

With over 100 support groups province-wide, Parkinson Society Ontario has dedicated and knowledgeable staff and volunteers available in communities throughout the province to lessen the immense challenges that Parkinson's presents.

Parkinson Society Ontario also invests in Parkinson Society Canada's National Research Program, which contributes approximately \$1.5 million to research nationally on an annual basis.

Parkinson Society Ontario's mission is to ease the burden and find a cure through advocacy, education, research and support services. I can personally attest to the value and benefit of the programs they offer.

Research: Very recently, late in 2014, the first Canadian National Population Health Study of Neurological Conditions was published. This was a very significant report and a long time in the making. Among its many findings were the following five points:

(1) The number of new cases of Parkinson's disease is expected to double over the next 20 years.

(2) The total annual costs in the next 20 years for Canadians over 40 with Parkinson's and Alzheimer's will be twice as high as those for Canadians with other neurological conditions.

(3) Parkinson's has been found to be one of the most expensive diseases in the study, and by 2031, total direct health care costs for Canadians with neurological conditions will be between \$0.6 billion and \$13.3 billion greater than the health care costs of Canadians without these conditions. Parkinson's is one of the most expensive, so it's going to be closer to the \$13.3 billion of higher expense.

(4) Approximately 40% of people in Ontario with neurological conditions receive informal support in daily living activities and transportation. We're talking 16,000 Ontarians. These informal caregivers—family, friends, caregivers, neighbours—contribute 22 hours or more per week of support for each person with Parkinson's. Again, the drain on the province is: that's 880,000 fewer hours that Ontario caregivers have available for paid employment and/or that they do on top of their regular employment, leaving them open to stress and potential disease themselves.

Furthermore, other research has shown recently that on average, those persons diagnosed with Parkinson's under the age of 50 are unable to work within seven years of diagnosis, increasing the financial burden on family and the province.

(5) Finally, in research, in a study of Medicaid beneficiaries in the US who had been hospitalized with Parkinson-related conditions, it was found that approximately 50% of the patients who did not see a neurologist or a specialist had higher incidences of falls, hip fractures, and increased rates of hospitalization and re-admission. The study also cited that those who had been seeing a specialist or who had been followed by a neuro-

logist had reduced incidences of hospitalization from psychosis, urinary tract infections and traumatic injury.

I guess the point here, when we get to recommendations, is that reducing costs and improving care are not mutually exclusive. I'd like to highlight just a few recommendations.

First, one way to reduce the health care costs of Parkinson's is to reduce the time it takes to see a neurologist who specializes in movement disorders. That's key. Obviously, that's going to be beneficial to the patient, but it's also going to be beneficial for the health care costs down the line.

The Canadian guidelines on Parkinson's disease indicate that wait times to see a movement disorder specialist should be no longer than six weeks, and only two weeks for those who are in the later stages of disease progression. But across Ontario today, wait-lists to see neurologists specializing in movement disorders are currently one year or more, and growing, in the areas where those specialists exist. In many communities in our province, access to a neurologist specializing in movement disorders is not even possible, due to the great distance between patient and specialist. This is particularly an issue for rural communities and in northern Ontario. Parkinson Society Ontario estimates that two thirds of the patients do not have access to a neurologist.

So you can see, coupled with the research that was done in the States about the increased falls, hospitalizations and readmissions when not followed by a neurologist, how these costs can escalate in our health care system.

One way to reduce the health care expense that growing wait-lists can create is to adopt the service delivery model from McGill University's Movement Disorders Clinic program. McGill's program offers a unique interdisciplinary team, including specially trained Parkinson's nurses who triage patients and become the primary contact and navigator for patients waiting to see a neurologist. These clinical nurse specialists contact patients on the waiting list within two weeks of referral to determine their degree of need. Based on that degree of need, this gets basic care and resources to those who need it most, and their families, while waiting for more in-depth assessment and treatment by a neurologist.

1420

A similar model was implemented in Ontario recently with nurse practitioners and palliative care. They were effectively deployed throughout the province to help navigate families through the palliative care service delivery system. The same could be done for persons with Parkinson's with clinical nurse specialists. Having access to such a resource could not only help reduce the health care costs identified earlier, but could provide better care and support to patients and families.

The second way to decrease costs is to ensure greater access to and use of videoconferencing services such as the Ontario Telemedicine Network. That will help connect these more isolated patients in rural and northern areas of the province to neurologists specializing in movement disorders in other parts of the province.

These examples would not cost a great deal of money and would go a long way to improving access. We estimate—and this is an estimate—that for less than \$25 per person with Parkinson's we could implement both of those two recommendations that I just mentioned. The savings in avoided ER visits and hospitalizations would pay for that within a very few years.

There are also longer-term endeavours which could decrease wait times and therefore expenses. They include better education of family physicians in the signs and symptoms of Parkinson's, which would improve earlier referral to neurologists specializing in movement disorders. Ontario also needs to do more to attract, retain and increase the number of neurologists specializing in movement disorders so that the growing need does not become a crisis over the next 20 years when we have twice as many people with Parkinson's and an even greater lack of neurologists. These two examples of longer-term projects obviously, by investing a small bit now, could help avoid crises in the future.

In summary, we'd like to offer the time, involvement and expertise of Parkinson Society Ontario toward any work or discussion taking place at a provincial level surrounding dementia, because this is a big part of the costs. Given that we know that up to 70% of persons living with Parkinson's will experience cognitive issues, including dementia, we want to make sure that their needs are addressed. We believe that, working together, we can improve services to the 40,000 people living with Parkinson's and the over 160,000 Ontarians who are affected by the disease, while limiting costs to taxpayers.

Thank you for your attention.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. I think this round of questioning is from Ms. Hoggarth.

Ms. Ann Hoggarth: Hi, Lloyd.

Mr. Lloyd Cowin: Hi.

Ms. Ann Hoggarth: Thank you very much for your presentation and particularly for the work that your society does for people with Parkinson's. I have a good friend whose whole life has been turned upside down by this condition, and things are just not the same with her.

Parkinson's is affecting more and more Canadians every year, as your statistics point out, and I think that if we looked at that we'd know that some of us around this table are eventually going to be stricken with Parkinson's.

Your suggestions about early intervention by neurologists are great and we will be taking them back and looking into that.

I have a question for you. How has the integrated care provided by the health links been helpful for patients with Parkinson's?

Mr. Lloyd Cowin: I am not aware of it being helpful at all. It could be. I'm not saying it's not helpful; I'm just not aware of it.

Ms. Ann Hoggarth: Okay. Well, then, I'd ask you what improvements could be made to benefit these patients.

Mr. Lloyd Cowin: Well, as I said, I think that having access—there's no quick fix to wait-list management, right? If the guidelines recommend six weeks, and we've got over a year in some parts of the province and no access at all in other parts of the province, it's not going to be a quick fix.

I think the way to deal with that is to help those who are on the waiting list right now through clinical nurse specialists. I think that's a cheaper way to go and to deal with the problem that exists now. Over time, I think we need to build up the number of neurologists that we have in the province, but that's a longer-term fix, and that by using technology to help connect people—like the Ontario Telemedicine Network—we can also better connect people who are more isolated to the specialist care that they need.

Ms. Ann Hoggarth: That program is working?

Mr. Lloyd Cowin: It is working in other sectors. I don't think it has been organized for Parkinson's, necessarily, but there are different disease specialties that have used it very well. I think we could use those models to develop that for Parkinson's, and I think it would be very helpful.

Ms. Ann Hoggarth: Great. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, sir.

Mr. Lloyd Cowin: You're welcome.

CANADIAN OWNERS AND PILOTS ASSOCIATION

The Chair (Ms. Soo Wong): The next individual is Kevin Psutka. Thank you very much, sir. Welcome. Good afternoon. Can you please identify yourself for Hansard? You have 10 minutes for your presentation, and this round of questions will be the official opposition party.

Mr. Kevin Psutka: Okay. My name is Kevin Psutka. I'm the president and CEO of the Canadian Owners and Pilots Association. There is a presentation that is being handed out now, and I'm going to refer to that presentation to stay within my 10 minutes. I'll start, so I don't cut into it, and hopefully you'll catch up with me.

To start with, I've got to define who we are. The Canadian Owners and Pilots Association, or COPA, represents people who own or fly aircraft for personal transportation and recreation. We have over 17,000 members across Canada.

A couple of definitions about the sector of aviation that I represent: General aviation is all aviation activity except scheduled airline and military. Private aviation is that portion of general aviation where aircraft are flown for personal transportation and recreation, like a family car. Most piston-powered aircraft use 100 low lead aviation gasoline, and a smaller number of those can use automobile gasoline.

I'm on page 4 of my presentation now, if you just got your presentations, and it's a graph of the number of aircraft in Canada. I'm going to show you a couple of

graphs now to illustrate the size of our sector of aviation in Canada for those of you who do not know.

The total number of aircraft is over 35,000 now, and it has been growing over the years. It levelled off around the 1990s time frame, and it's been climbing mostly up to trend ever since.

Slide number 5 shows the number of large aircraft versus small aircraft. In our business, we make the cut-off at 12,500 pounds. The large airliners are in that large class, and all the smaller ones are in that lower one. You can see by the bars there that the vast majority of aviation in Canada is small aircraft.

The next slide, which is number 6, shows the number of privately registered aircraft versus those that are commercially registered, and again, the vast majority of aircraft in Canada are privately registered.

On slide number 7, we drill down into the number of aircraft that there are in Ontario. The total number of aircraft in Canada is 36,000, but 10,000 of those are resident in Ontario and 9,600, almost 9,700, of those are small aircraft, and the total of private aircraft is about 8,400. The majority of those small aircraft use aviation gasoline, the 100 low lead aviation gasoline.

On slide 8: In May of this year, we sent a letter to the Premier of the province in response to the budget regarding the increase in tax that was placed on aviation gasoline. I'd like to point out that aviation gasoline is 30% to 40% higher in price than automobile gasoline, and the Ontario government, without consultation with our sector of aviation, decided to raise taxes by 150%. Also, in that letter—on page 9 of my presentation—we highlighted that general aviation is a very high-cost form of transportation, and therefore very sensitive to any cost increases, and that it should be encouraged to grow because it generates the next generation of pilots and mechanics for the airlines, it generates billions in the economy and taxation, and it's the only form of transportation for people and goods to a significant portion of this province.

On page 10 of my presentation, we pointed out in that letter to Premier Wynne that the significantly higher base price of aviation gasoline compared with automotive gasoline generates 40% more revenues for the province compared with the equivalent volume of automotive gasoline, so those who use aviation gasoline are already contributing significantly more tax revenue because of a much higher fuel price.

There were several statements made in the budget that showed that the money generated by the tax increase will not be spent on airport infrastructure. There's a quote on that page that says, "Our transportation plan—Moving Ontario Forward—would dedicate two new funds to fight traffic congestion and invest in roads, bridges and transit totalling \$29 billion." There's nothing mentioned about aviation. So we mentioned to the Premier that, in effect, our large and important sector of aviation is being treated like a cash cow, and that's a marketing principle whereby milking a cash cow without providing return investment will eventually result in its demise.

1430

Compared with virtually all other provinces, Ontario's tax on aviation gasoline will be well above the others when the fuel tax increase is fully implemented. The other provinces clearly recognize the importance of this form of transportation.

In a follow-on letter to the Premier—number 14 in my slides—we said that we're not opposed to taxation of our sector as long as the money that is collected is in turn spent on projects in our sector. There are several reports—and I can send them all to you, if you wish—that show clearly that Ontario's airports are desperately in need of upgrading just to remain safe, let alone expand to meet the needs of the growing general aviation sector, as I showed you on that earlier slide.

In that letter, we also pointed out that we called for the re-establishment of a dialogue with the Ontario government leading to airport infrastructure and funding.

More recently, we put our support behind MPP Michael Harris' ground-the-flight-tax initiative, which is not only going after aviation gasoline; it's also going after the tax on aviation fuel for jets. That quote that you see on page 16 of my presentation is one of the "whereases" that talks about how important our sector of aviation is. It also shows some logos of the various supporters of that effort to fight that tax.

Our recommendations are simply this: Rescind the tax increase on aviation gasoline until the following occur:

- a thorough examination of the other provinces' taxation on fuel, including the rationales for keeping them as low as they currently are;

- establish an airport infrastructure funding program, including consultation with those who would be affected by and benefit from such investment; and

- tax fuel only to the extent necessary to support airport infrastructure improvements.

That's my presentation. Thank you.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. Mr. Fedeli or Mr. McNaughton? Mr. McNaughton, you go ahead.

Mr. Monte McNaughton: Just one quick question before I turn it over to my colleague: Do you know the total number that the government is going to raise from this tax hike?

Mr. Kevin Psutka: Yes. It is outlined. I had forgotten to bring it with me.

Mr. Monte McNaughton: Okay. I was just curious. I think I read it before, too, but I know it's a huge increase, obviously.

The Chair (Ms. Soo Wong): Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for being here today. It's much appreciated that you came and talked to us. You're one of many presenters who have tried to shed some light on the implications of not only a tax increase in the aviation sector, but also when you do things without consultation, that there are laws of unintended consequences.

But I'm going to give the guys across the street here a break today. I would prefer, to be quite honest, to talk

about the future of aviation. We all know the tax is destructive. We understand that. I want to talk about flight training and MRO, if we can. I'm very concerned—and I'm eager to hear your thoughts on where the pilots of the future are going to come from, where the maintenance, repair and overhaul people of the future are going to come from, and whether we're adequately staffed up right now in our community colleges and in our private sector for flight training, because I understand that there are so many rules regarding flight training that we may not be there today. So I'm eager to hear your thoughts on that.

Mr. Kevin Psutka: Thank you. My answer is very brief: China. That's it.

We were known, in the Second World War, as the aerodrome of democracy, where we opened up many airports in the country to train the world's pilots. We have seen a steady decline of that ability to offer that service for the world, to the point now where we are cutting into our own ability to generate pilots for our own need for the future.

What we are doing in the very short term is training the rest of the world, particularly China, India and a couple of other countries like that, who aren't going to have any net benefit to Canada as a result. But eventually they will build their own flight training capability to the point where they will have excess capacity and be training the rest of the world's pilots.

We are doing nothing to support or encourage our existing flight schools, and there have been about 150 of them closed just in the last not too many years. The number of people who are being encouraged to come into aviation—because it is getting more expensive and more difficult to get to places to train—is dwindling. Eventually, I think we're going to see a turn where pilots flying Air Canada airliners will be Chinese pilots. It's as simple as that.

Mr. Victor Fedeli: Kevin, I can tell you, when Max Shapiro from Voyageur Airways taught me to fly in 1978, it was 10 bucks an hour. Do you remember those days?

Mr. Kevin Psutka: Oh, I do.

Mr. Victor Fedeli: Those were pretty cheap days to learn how to fly.

Talk to us about the 150. I'm very concerned about this. I've had groups come into my office over the last couple of years and talk to me about the fact that there are so few places to train pilots in Ontario, and it is decreasing. You talk about 150 closed up. Can you shed some light on what happened?

Mr. Kevin Psutka: There have been a number of things that have encouraged that decline. A large portion of it is cost-based. The price to play is going up and up and up. The taxation of it has been going up. In this province in particular, the change a number of years ago in the private colleges act, which put flight training in the same category as barber schools and that sort of thing and imposed some significant requirements, both regulatory and financial, on the flight schools in order to be

able to offer their services, has resulted in a large number of flight schools just closing their doors because they can't make ends meet.

Mr. Victor Fedeli: A lot of it was red tape, if I recall correctly.

Mr. Kevin Psutka: Yes, very much.

Mr. Victor Fedeli: Today we have a new threat in the sector, and that's higher fuel.

Are we going to have enough pilots and enough maintenance, repair and overhaul people in Ontario in the next five years?

Mr. Kevin Psutka: No. It's clear to the industry that that's not possible.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Psutka, for your presentation.

Mr. Kevin Psutka: Thank you.

The Chair (Ms. Soo Wong): I'm going to ask for a five-minute recess because the next witness is coming in by phone. The other option is that we can go to our next witness and come back to it. Is that good with everybody? Do we have the United Food and Commercial Workers Union?

Okay. I'll give everybody a five-minute recess. Come back promptly, because I will try to get the staff to get the call. Thank you.

The committee recessed from 1437 to 1447.

The Chair (Ms. Soo Wong): I'm going to resume the committee. The staff are still trying to reach Ms. Donna Marx, and have not been successful in contacting her.

UNITED FOOD AND COMMERCIAL WORKERS UNION LOCAL 12R24

The Chair (Ms. Soo Wong): We're going to move to the next witness, United Food and Commercial Workers Union Local 12R24. I believe Mr. Robert Edwards, the president, is here.

Can you please come forward, sir, along with your colleague? Welcome. Good afternoon. Mr. Edwards, as you know, we will be asking you to present for 10 minutes, and this round of questioning will be coming from the official third party. They will have five minutes for Ms. Fife to ask you any questions.

I just want to remind all of the members that there is a handout from this particular witness in front of you.

Welcome. Can you please identify yourself and your colleague for the purposes of Hansard? Thank you.

Mr. Robert Edwards: Yes, thank you. My name is Robert Edwards. I am president of UFCW Canada Local 12R24, representing Beer Store workers throughout the full province of Ontario.

To my right is Doug Blaine. Doug is a service representative with the local union, and also serves as the recording secretary of the local—and maybe part-time speech writer, or speech writer helper.

Thank you for the opportunity to meet with us today. We were double-booked in Toronto, and we've dropped some other important business to spend our time with you folks and are very pleased to do so. Thank you.

United Food and Commercial Workers Local 12R24 is proud to represent 6,000 Beer Store workers at 466 retail and distribution centres across Ontario. About 447 of them are retail sales operations.

We are aware that the Premier's Advisory Council on Government Assets has presented the government of Ontario with some recommendations that will greatly affect beer retailing in Ontario. While this has become a topic of conversation across multiple platforms, this debate needs to be grounded in facts.

I'm here today to express my deepest possible concern about what the authorization of the sale of twelves, or 12-packs, in LCBO outlets, in concert with an imposed prohibitive franchising fee, will mean to all of our members and their immediate and long-term employment.

Please consider the following: The sale of twelves and twenty-fours is central to the livelihood of 6,000 UFCW members in Beer Stores across all of Ontario, in facilities that have been custom-built to handle these products. LCBOs are not built to handle the sale of this product. Many LCBO stores would have to be remodelled with tax dollars, once again, or reduce high-revenue-returning shelf space to accommodate the product.

The Beer Store, as a privately funded operation, invests in Ontario by renovating and building new-format stores. Transferring sales of this product from the Beer Store to the LCBO will not bring about any increase in revenue for the government, but rather pressure increases to the prices on beer due to the increased costs of distribution and service charges.

During discussions with the panel, they confirmed that the Beer Store was a less expensive model than the LCBO retail and distribution channel. Ontario gets a good return from the current model at the Beer Store, which renders over \$774 million annually to the government of Ontario to support important public service infrastructure programs without any public funds spent on capital or operating costs.

If Beer Stores are no longer a viable business model due to the transfer of sales to the LCBO and/or because of an imposed prohibitive franchising fee, the award-winning and highly efficient Ontario Deposit Return Program will be lost. LCBOs are not built to handle the return of empties. Empty returns in the LCBO will significantly and adversely affect the customer experience. The Beer Store saves Ontario taxpayers \$40 million annually by diverting 407 metric tonnes of alcohol beverage containers from municipal blue box programs. That's every beverage alcohol container, regardless of its origin, that is sold in the province of Ontario. It would be prohibitive to municipality tax bases and the Ontario government to establish a recycling, retail and transportation network program, from the ground up, to handle this material.

The Beer Store sells over 490 brands from 105 brewers, and with the recent announcement will allow ownership for Ontario craft brewers. Craft beers have equal access to the Beer Store's 447-store network and highly cost-effective and efficient distribution system—and, may I point out, they always have. More than 20%

of the Beer Store listings are from craft beers. Craft beer sales have grown by 67% over the past five years—obviously an explosion in that area, and more so than for the big guys, that's for sure—and continue to grow as additional new-formatted stores are introduced where they're all in full view on shelves; they're not hidden behind the so-called back wall. Ownership will allow for stewardship and expansion opportunities for Ontario craft brewers.

Allowing LCBOs to sell 12-packs will hurt craft beer sales. The LCBO has no mandate to provide retail access to all qualified brands. This means that shelf space would be reserved for leading beer brands with high sales volumes. Smaller craft beer brands would be squeezed off LCBO shelves. Slower sales of Ontario craft beers, which specialize in small-package sales, means stagnant hiring, sales and collected tax revenue in what has become a very important food and beverage sector for our provincial economy.

UFCW Local 12R24 strongly believes that the recommended changes will not achieve the desired results, but rather have a devastatingly negative impact on our members who sell beer responsibly and efficiently in a system that has served Ontarians well and generates vast revenue for the province. A migration of as much as 20% of sales, with regard to the 12-packs alone, through a much more expensive retailing system, added to a 38% increase to the annual operating budget in the form of the franchising fee with really no tangible benefit other than being able to open the door tomorrow morning, will force the Beer Store, which remains the most efficient and cost-effective retail and distribution channel for beer in Canada, to evaluate their viability. We're quite convinced of that.

Although we are able to understand some of the logic in and around the winds of change to the operation and the core presentation of the Beer Store, I'm convinced that the combined and cumulative effects of these lethal alterations to the Beer Store will put the entire system in serious jeopardy and most certainly put the employment of 6,000 bargaining unit employees in grave danger.

Along with the presentation, I believe it was earlier noted that there's a handout, a kind of backgrounder document as well. I'm just going to go to a few thought-provokers, and they're somewhat referenced in that document.

I referenced 6,000 bargaining unit members throughout the province of Ontario. A lot of these folks are temporary employees who are putting themselves through school; some are older workers who are in a second career, augmenting retirement income in some way. About 1,400 of those folks are full-time bargaining unit folks. This is their career. There are about 1,000 families involved from the management side of the business as well; as a bargaining unit, you shouldn't be surprised that we care about those folks as well. They've worked tirelessly to build the system over the last number of decades, and we're quite proud of what we've accomplished on behalf of the taxpayers of the province.

I'd like to point out too—and I think most of you realize—not a penny of taxpayers' dollars goes to fund-

ing the Beer Store. It stands on its own by the owners, and we all know who the owners are. They're referenced as those big, bad offshore guys. We encourage foreign investment, but then, when it happens—I don't know—it seems to bring all the arrows your way. I'm having a hard time working my way through that. I don't want to beat up on our LCBO counterparts and our OPSEU members at LCBO, but, again, not a penny of taxpayers' dollars fund that: a \$300-million annual operating budget, and that's where the 38%, the \$100-million franchising fee, would be devastating to that operation.

Craft brewers don't pay at all, save and except a small listing fee, a very minor listing fee, and can list and always have been able to list at the Beer Store. The listing fees, as I say, are very nominal, and all can list and always could. We embrace them. As you can see, the numbers in the packages display that they're a big part of the Beer Store, and we're proud to present their products to the beer-buying public of the province.

New format stores: All stores in the last, I would say, four to five years are full, wide-open self-serve, empties being separate so that people aren't waiting for the empties process to take place to get in and buy what they want, get out and go to whatever particular function they're going to attempt to enjoy later in the day, be it a hockey game that night or heading to the cottage or whatever.

The Chair (Ms. Soo Wong): Mr. Edwards, can you wind up your comments so that we can have some questions?

Mr. Robert Edwards: I certainly will. There are only two other things I want to touch on: This secret deal, that apparently the Beer Store writes their own ticket or something, that's being referenced by the media I think is an insult to the government, quite frankly. The government obviously controls the sale of beverage alcohol. It is a controlled substance and obviously there were agreements in place as to how and who does what and what the LCBO does and what the Beer Store does. So the so-called secret deal: I would take it as an insult as a member of the government.

Lastly, food for thought: If one compared—and this is what people don't realize—the cost of presenting product at the LCBO vis-à-vis the cost at the Beer Store, it would be quite shocking, I think.

Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, will you begin your questions?

Ms. Catherine Fife: Thank you very much for coming and sharing your thoughts. Clearly, it's a very topical issue. It has been in the media for the last year, but more recently because of Mr. Clark's commission. He keeps using language like he's "focused on unlocking value." I'd like to give you an opportunity to perhaps comment on the precursor to the modernization of the Beer Store and where you think this unlocking of value is as it relates to the Beer Store and your members.

Mr. Robert Edwards: I don't know that the value is there that Mr. Clark sees. I can't speak for him, whether

they're confusing it with these offshore owners that have billions of dollars and whatnot. Ontario is a very important market and there is profit in the industry, but there isn't a motherlode of money. Again, the budget for the Beer Store is \$300 million annually. A \$100-million franchising fee is not just going to materialize out of thin air. That's going to come out of the budget. That's an argument that I guess those big folks are going to have to have. But what I'm concerned about is how that's going to impact the 6,000 bargaining unit families and 1,000 people who are administrative or management folks, those families, and how they may be affected.

1500

If you ran a business and 20% of your volume, because of another decision by another body, migrates somewhere else—to a much more expensive chain, as well—and then 38% of your budget gets eaten one way or another, that's a serious effect. That's going to have a devastating effect on the people who work for that employer, whoever they may be. In this case, it's the Beer Store.

Ms. Catherine Fife: Thank you. Would you also like to comment on the recent decision by the Beer Store to invite Ontario craft brewers to the table? What are your thoughts on that move by the Beer Store?

Interjection.

Ms. Catherine Fife: Can you pull back from your mike? Because it's—okay. Thank you.

The Chair (Ms. Soo Wong): Step back. Just step back.

Mr. Robert Edwards: Better?

Ms. Catherine Fife: Yes.

Mr. Robert Edwards: Great. Thank you.

I don't like to speak for the owners. I deal with them somewhat. They try to insulate themselves and have us deal directly with the Beer Store. But I think that's a big move on their part in terms of bringing in the smaller brewers. I think it's necessary. I think it's a good thing that those folks have a seat at the table—the board of directors, if you will—and management decisions, and it gets them on board so they have a better understanding of why things happen, what the costs of them are, what the costs of the bricks and mortar are, the stores, the people, the trucks, all of the equipment that you need. I think it's quite an overture, and I was frankly surprised by it, but pleased by it as well.

I think it's going to be a slow take-up from craft brewers. Remember, they're not paying anything other than a minor fee to list their products. The big guys are funding this totally; they totally are. The little guy, I know, is kicking and screaming to a certain degree, but they're not putting up a dime either, other than the cost. It's going to cost you something to sell your wares. You just don't get the right to say, "You're going to sell my stuff and you're going to pay the freight and pay for the bricks and the mortar and the buildings and the trucks and the people and the pensions, those sorts of things."

I think it's a big overture from the big guys, and I'm pleased by it, quite frankly.

Ms. Catherine Fife: Do you think, though, that—perhaps this is an unfair question, but there is a call out there from the province of Ontario to have greater access to craft brewers. This is an amazing product that Ontario is producing, and an untapped economic opportunity, I think, for some smaller communities, if you think of a rural economy. Do you think there's room for improvement to expand Ontario craft brewers within the Beer Store structure?

Mr. Robert Edwards: Absolutely, and—

The Chair (Ms. Soo Wong): Thank you, Mr. Edwards.

Ms. Catherine Fife: Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much.

MS. DONNA MARX

The Chair (Ms. Soo Wong): Okay, folks. We now have the 2:45 presenter coming to us by conference call.

Donna? Ms. Marx, are you on the line?

Ms. Donna Marx: I am.

The Chair (Ms. Soo Wong): Okay. My name is Soo Wong, the Chair of the Standing Committee on Finance and Economic Affairs. We're here in Ottawa today, and we're delighted that you can join our hearings on the issue of the 2015 budget.

I'm just going to introduce the members of the committee who are present at the table, okay?

Ms. Donna Marx: Sure.

The Chair (Ms. Soo Wong): From the government side, we have Ms. Laura Albanese, Mr. John Fraser, Ms. Ann Hoggarth, Ms. Marie-France Lalonde and Ms. Daiene Vernile; from the official opposition, Mr. Vic Fedeli and Mr. Monte McNaughton; and from the third party, Ms. Catherine Fife.

Ms. Marx, as you know, we have 15 minutes for the total of your presentation, 10 minutes of which is for your presentation, followed by five minutes of questioning, and this is coming from the government side.

You can begin any time. Begin by introducing yourself and if you are representing a certain organization.

Hello?

Ms. Donna Marx: Hello?

The Chair (Ms. Soo Wong): Can you begin by identifying yourself and if you are representing any organization, and what position you are. You can start any time.

Ms. Donna Marx: Art Eggleton had done a good article on three ways to end poverty. It said, "‘Mincome’ demonstrated a reduction in health care costs and higher school graduation rates" in Manitoba. So I'd like everybody, if you have an opportunity, to look up Mincome.

"While there will be transitional costs, overall we don't need to spend more money; we need to invest smarter, more efficiently and effectively."

We know with tackling tax havens that that's something that should have been done long, long ago. Why not? If you're privileged to earn your living on soil here

and you have employees, then don't have a tax haven in Switzerland or anywhere else.

I think there was something about beer stores and Ontario beer. Doran's ale in Timmins was a good ale. But I think there should be a skull and crossbones, or it should say, at least, "Any more than one or two is going to make you fuzzy in the head. Don't drive." Really, it has come to that. I don't think MADD is getting enough support. It's not enough.

There are new regulations. If they are doing over 40 clicks, the fine is \$295. Over 50 clicks, it's \$2,000 to \$10,000, and I think they take the car. So I'm glad.

Business—not enough places that are really honest and credible that a person can get—

The Chair (Ms. Soo Wong): Ms. Marx, can I stop you for a minute? It's Ms. Wong. We are having difficulty hearing you. Can you please speak right into the phone so that we can hear you?

Ms. Donna Marx: Yes. Thanks. Cheap phone, unfortunately. Okay.

Mincome—M-I-N-C-O-M-E: Our dear friend Art Eggleton has written an awfully good article, "Three ways to end poverty in Canada," so people aren't living just paycheque to paycheque. As he says, it's not necessarily going to make the good life, but people can afford to go to a dentist and maybe stay in their home, things like that.

"‘Mincome’ demonstrated reduction in health care costs and higher school" graduations in Manitoba. It starts with a capital: M-I-N-C-O-M-E.

Transitional costs: "We don't need to spend more money, we need to invest smarter, more efficiently and effectively." Absolutely. No tax savings—zero tolerance for that scrap.

Alcohol: It has to have a skull and crossbones—let's be honest—on the bottle. I don't think we were intended to really get into that. Prohibition was right; we're wrong. Let's face it. It should be any more than one or two bottles of ale, the beer, with the X number of—thank God we're not going to get the marijuana junk, because it won't work, and even the lawyers will be too tired to deal with it. It's too boring. It just mood- and mind-alters people—foolishness.

I think you have to study anything Art Eggleton says, because he's on the ball, and he knows what he's talking about. Income inequality hurts us all, and it's really too bad.

I got widowed three times, husbands on jobs, and they got injured on the job. Compensation makes mistakes, so I didn't get any compensation. I've had to leave homes twice—once in Eramosa in the country and up at Mount Forest, furnished and freshly painted—to find another job in the city. We don't treat the widows and the orphans properly here. Now there isn't a \$300 stipend apparently through social services even for them to move.

If you're kind, and you take a person in who has been injured, victims' services sends a cheque to the injured person, who is oftentimes a person with an addiction, instead of the person who has looked after them for five months. There are lots of things that need changing.

City hall here in Guelph—if you try to speak with them, it’s almost impossible. I’m hoping it’s going to get better. I went to a prayer group, and they said, “Forgive them, and ask God to give them wisdom.” God bless you for all you’re doing. Cheerio.

The Chair (Ms. Soo Wong): Okay. I guess Ms. Marx finished her presentation.

FUTURPRENEUR CANADA

The Chair (Ms. Soo Wong): Moving forward, I believe there is a request: Futurpreneur Canada—am I correct, Mr. Clerk?—wants to come present earlier than 4:15. So can I have Julia Deans, the chief executive officer, come forward.

Welcome. Good afternoon, Ms. Deans. Can you please identify yourself for Hansard? You have 10 minutes for your presentation. I’m going to go back to the government side to let them ask you the questions—a 10-minute presentation and five minutes for the government side to ask you questions. Thank you very much. Welcome.

Ms. Julia Deans: Thank you, Madam Chair, and good afternoon, members. My name is Julia Deans, and I am the chief executive officer of Futurpreneur Canada, which was formerly the Canadian Youth Business Foundation. I’m very grateful for the opportunity to appear before you today.

Some of you who have known us in the past from other appearances may recognize that we have a new name. We became Futurpreneur Canada last May in order to better speak to young people who we help. We have received very positive feedback about our new name, and I hope that you like it, too.

For those of you who aren’t familiar with Futurpreneur Canada, we were created in 1996, and we are the only national not-for-profit organization that provides business coaching, collateral-free loans, mentors, networks and other key resources to help 18- to 39-year-olds launch and sustain successful businesses.

1510

We have a proven record of advancing economic growth. To date, we’ve invested in 6,600 Canadian entrepreneurs and engaged 3,000 volunteer-mentors to help them. Their businesses have created 26,000 jobs and \$191 million in tax revenue. The neat thing is, their businesses endure. The five-year survival rate for a Futurpreneur business is somewhere between 50% and 60%. That’s much better than the less-than-50% average success rate for a normal start-up, especially when you consider that these are young people with no assets.

In addition, almost 90% of Futurpreneurs pay back their loans. This tells us that even if they’re not in the business—after five years, they’ve sold it, closed it and gone on to do something else—they have the financial wherewithal to repay a loan. We can recycle their repayments into loans to more young people.

Of course, as a not-for-profit, we can’t help young people create businesses and jobs without partners like

the government of Ontario, and we’re pleased that we’ve partnered in the past. In 2012, we received \$4 million, over two years, to expand our capacity to help more young people launch businesses in this province. We’ve surpassed our goal and helped 402 young Ontarians launch new businesses.

Although our funding was not renewed last year, we have continued to meet the growing demand for our offerings here in Ontario. We’re on track to help over 50% more young people this fiscal year. As of today, we’ve helped 252 young Ontario entrepreneurs, and we expect to hit 305 by March 31. It’s amazing momentum, but we can’t sustain it without provincial support.

We acknowledge and really appreciate the province’s recent efforts to better support entrepreneurs, and we were pleased to be part of the Ontario Network of Entrepreneurs advisory committee. The province’s youth entrepreneurship fund has been a helpful increased focus on youth entrepreneurs. As the Ministry of Economic Development, Employment and Infrastructure reviews these programs, we’re going to be encouraging the government and the province to look at reinvesting in a partnership with us at Futurpreneur Canada.

We have a solid track record of delivering successful businesses in Ontario. We’re highly efficient, and we are able to leverage a very extensive network of trained mentors and substantial federal and private sector dollars for the benefit of Ontario.

I’ve already mentioned our track record. This year, we’ll help a thousand young people launch businesses in Canada, 31% of them here in Ontario. As well as being effective, we’re efficient. About 85% of our funding goes straight into front-line programs and services for young people, and our admin costs are below 7%.

In terms of bringing more funding to the province, Ontario benefits from the federal government’s investment in Futurpreneur Canada—about \$2 million this year alone. Without some provincial contribution, however, we will have to reallocate some of this investment to other provinces.

We are also close to finalizing a really exciting agreement to secure all of our loan capital from the private sector. This would mean that by supporting our programs for young people, Ontario will leverage millions of dollars more of private sector funding, which is really powerful.

It makes good fiscal and economic sense to invest in programs like ours that deliver results and are good value for money.

We will also be a useful ally in dealing with two very significant challenges facing the province. One is youth unemployment, and the other is the impending tsunami of retiring small business owners.

Ontario’s youth unemployment rate is currently at about 16%. This is demoralizing for young people, and the costs are absolutely staggering. TD Economics has told us that for Canada we should expect almost, I think, \$10.7 billion in earnings lost due to youth unemployment.

Looking at retiring small business owners, CIBC and the Canadian Federation of Independent Business have told us that economies like ours are also at risk because of that. A recent CFIB study found that 66% of small business owners intend to retire by 2016 and very few of them have transition plans in place. The loss of small businesses will negatively affect local economies, especially in small, rural and northern communities. It's obviously prudent for the government to find ways to fill this gap, and young entrepreneurs are an ideal solution. With your support, we would like to help young entrepreneurs take over the businesses of those who are retiring, but also engage retiring business owners to act as their mentors.

In the coming budget, we are going to be requesting \$500,000 over two years to take action on this. With this support, we will execute a community engagement strategy that will see us collaborating with business organizations such as the local chambers of commerce, CFIB, BIAs, AMO and others to agree on how best to connect business owners with young entrepreneurs and get on with it.

We will also conduct grassroots community outreach to existing business owners in select communities that we think have high potential, and we will recruit existing small business owners to be mentors. We believe that this pilot initiative, which could be expanded over time, will position Ontario to respond effectively to the impending retirement of small business owners and also address the youth unemployment challenge, particularly in small communities. You probably know better than me that all of us in Ontario want vibrant and economically sustainable communities in which to live and raise our families, but we also want our young people to have jobs and other opportunities to stay in our communities, and this pilot initiative could help make that happen.

Before we close, I'd like to thank Madame Lalonde for speaking at our Action Entrepreneurship round table yesterday in Toronto. We had over 100 young entrepreneurs and business, academic, government and non-profit leaders, and we came together to explore ways to help young entrepreneurs grow their businesses within the province, across the country and globally. Many of them spoke to the importance of Futurpreneur Canada in helping them to launch and sustain their businesses, and they gave us and each other a lot of motivation to think about growth and how they can get there.

We encourage you to participate in our Ottawa round table next Tuesday morning if any of you are going to be in town then, and I'd like to invite you all to attend our national summit in May in Toronto, when we'll have entrepreneurs from across the country with people like you problem-solving for the growth issue. We respectfully request all of your support so that Futurpreneur can continue helping young entrepreneurs in Ontario to achieve their dreams of launching their own businesses, and I thank you again for having me here today.

The Chair (Ms. Soo Wong): Ms. Deans, can you leave your remarks with the Clerk, because I know that

none of us in the committee have a copy. If you could do that, that would be really great.

Ms. Julia Deans: Yes.

The Chair (Ms. Soo Wong): This round of questions is from the government side. Mrs. Lalonde, would you like to begin the questioning?

Mrs. Marie-France Lalonde: Yes, I will. First of all, I would like to say that it was an honour to be present yesterday. It was great. I also want to make a point of commending your leadership and your vision. Futurpreneur was refreshing. It was nice to be there. From a previous business owner's perspective, it was a very insightful meeting for me to hear both sides of the situation. Congratulations.

One important thing that I think we've talked about, something very dear to my heart, is the youth unemployment rate. As a previous business owner, I used to employ first-time youth in terms of coming to the job, and I know that it's not always possible for every employer to consider. I want to know: From your perspective, what role should the government play to eliminate or combat youth unemployment and help spur that aspect? Where should we go next?

Ms. Julia Deans: We know from our Action Entrepreneurship round tables last year that we're looking—for kids coming up through school, they need education around financial literacy and opportunities to see and experience entrepreneurship and gather those skills. That's something very much within the purview of the Ontario government—not so much for us.

Once people are looking at what they might do, helping to promote entrepreneurship as a viable career option is huge. You're an entrepreneur, but there are many people who aren't and think it's about the last thing their kids should do. By promoting entrepreneurship and the opportunity to create a business and create jobs for others, we will see more people become entrepreneurs. I think that's why we're quite keen to keep up momentum.

The more stories we can tell of people like Armen Bakirtzian from Waterloo, who created a new way to do hip joint replacement therapy and commercialized it—it's now being used in every hip replacement operation at Mount Sinai and is being used in the US. He was one of our young entrepreneurs—huge!—and every time Armen speaks to a group you just know that there are a good number in that group who are thinking, "Maybe I can take my idea and do it as well." We think that the momentum is there. We're seeing a huge amount of demand, and we would like to keep making that demand higher.

Mrs. Marie-France Lalonde: Just to make sure: Your ask today is \$500,000 over two years. I don't know how much time we have, but it's very limited time. Would you maybe explain to the committee where that money would be spent and how this money would be spent?

1520

Ms. Julia Deans: Yes. Longer term, we'd like to renew our partnership around actually helping start-ups,

writ large, but this is what we'd like to do for the next couple of years. We would be partnering with all of the organizations that connect with small business owners, as well as with our networks of people who work with young entrepreneurs, to figure out how we can bring the two together. So we have a mentoring program. If we can get retiring business owners to be thinking about their transition plans, we can engage them as mentors, we can connect them with our partners who can help them with their transition planning, and we can be promoting the opportunity to take over those businesses with the young entrepreneurs. So it's very elaborate matchmaking, if you will, but it's not happening now and there are far too many business owners who think, "I can sell my business tomorrow and walk away," and they can't; instead, they close the business. You all know what will happen if the grocery store, the dry cleaner and the gas station close in small communities: The small communities will end up closing as well.

Mrs. Marie-France Lalonde: Would the primary investment be, and I know we're talking about youth, that you would reach out to certain entrepreneurs in our youth to be that person where those businesses that potentially would close would have a successful plan?

Ms. Julia Deans: Yes. So we would partner with the organizations that connect with the small business owners, like the chambers of commerce, and we partner with them already. From our end, we would bring young people who are interested in entrepreneurship, and we would matchmake. We would do seminars on both sides. We would match interested small business owners with young people who are looking for opportunities in their communities, and we would broker the relationship and provide the funding that would allow them to transition their businesses to young people.

Mrs. Marie-France Lalonde: Very nice.

Ms. Julia Deans: We've done this a little bit in Alberta, and it's extremely powerful. For the business owners, it's the first time they've actually thought about their transition plan and realized that they can be part of transitioning. Young people often think they have to start from scratch, and they don't. As you can imagine, it's much better to buy a business that already has a cash flow and just improve it and make it a bigger, better business. That's really—

The Chair (Ms. Soo Wong): Ms. Deans, thank you very much for your presentation, and if you could leave your presentation with the Clerk, that would be great.

ONTARIO MEDICAL ASSOCIATION

The Chair (Ms. Soo Wong): I believe the next group coming before us is the Ontario Medical Association: Dr. Gail Beck, secretary and board director. Dr. Beck, welcome.

Dr. Gail Beck: Thank you.

The Chair (Ms. Soo Wong): Can you please identify yourself for Hansard? You have 10 minutes to present. This round of questions will be from the official opposition party. Welcome.

Dr. Gail Beck: Thank you very much. Good afternoon and thank you for the introduction. My name is Dr. Gail Beck. I'm a psychiatrist in Ottawa, and I've been practising for nearly 25 years. I'm the director of youth outpatient and outreach psychiatry at the Royal, and I'm also on staff at the Children's Hospital of Eastern Ontario.

In addition, I represent the Medical Women's International Association at the United Nations Commission on the Status of Women and at the World Health Assembly. This past year, I had the honour to serve Canada as a delegate to the World Health Assembly.

I'm also a director at the board of the Ontario Medical Association, and I am, at present, on the executive committee of the board.

Today, I'm here to talk about the importance of a well-funded, sustainable health care system in Ontario, and I want to talk as well about some circumstances in Ottawa and reasons that it's very important.

I do want to call on the Ministry of Finance and the government of Ontario to adequately fund our health care system, a system that's facing pressures from growth in patient numbers as well as in need.

I'm sure many of you know that, following months of negotiations, last Thursday, the government of Ontario gave the Ontario Medical Association a "take it or leave it" offer. They threatened that if we did not agree to the cuts they are making, they would move ahead without us and cut even deeper. We had no options but to say no to this agreement, and I'm going to tell you why. And the government does plan to cut even deeper into the care that physicians provide in Ontario. In our view, that's not a partnership. We feel this decision is critical to understand, and that there are elements of it that you will understand but that are complex in many ways.

We also want to emphasize that one of the building blocks of a healthy economy is a healthy health care system.

So you do have two small handouts that you will receive. One shows the care that's provided by Ontario physicians to Ontario patients every day. The other shows the impact on the economy that Ontario physicians have, just in terms of the investment that we make into the economy, which is part of the overhead costs that the government, for the moment, is denying.

By the Ministry of Health's own estimates, the demand for medical care will grow by at least 2.7% every year, and that's \$307 million. Those increases are due to population growth—new babies born in Ontario, families who move to Ontario to get a better life—as well as an aging population that needs more complex care—10 years ago, my uncle didn't need a hip replacement, but now he needs one—and the need for new doctors to treat existing patients.

In 10 years, the government of Ontario has doubled the number of doctors graduating in Ontario to meet the unmet needs. I have had two members of provincial Parliament tell me in the last month that they used to have, in this region, people saying that they couldn't find

a doctor and that that worry has stopped. That's because the government of Ontario worked with us to increase the number of new doctors. Not only has that stopped, but new family doctors will no longer be funded.

Looking back over the past five years, growth for medical services has increased by this average of 3% annually—and we do treat the patients we need to treat. Every year, 140,000 new patients come into the system. Here in Ottawa, home to about 1.3 million people, which is 9.5% of the population, our population grows by 12,500 people every year, and so we need more physicians and more services to treat these people. We are still home to 89,000 unattached patients, patients without a family doctor. That number increases to 97,000 when you include the entire LHIN.

Under the proposed contract, doctors will be penalized if they see more patients.

As well, family doctors are being hit inordinately. We estimate the costs to a new family doctor will represent a 30% decrease in their income. In fact, within the city of Ottawa, there will be no spots for a new family physician.

I want to talk about my own specialty. A number of you will know that in November 2010, Daron Richardson took her own life. Since that time, we have seen an increase—what we initially called a surge—in psychiatric referrals. My colleagues at CHEO, pediatricians in emergency, psychiatrists who work with me there—we have met the demand for increased services, working overnight when that was not required previously. We've increased consults. I used to have an average of one or two new consults a week; I'm now doing somewhere between four or six. Now, as we meet that demand, we're going to feel guilty, because there will be no money for new physician service, so I will know that every extra patient I see will eventually mean that my colleagues do not get paid, because there will be a clawback on the work that we do.

Recent physician services agreements in British Columbia and Alberta demonstrate how those governments accounted for the changing needs of their population—the growth and the changing medical care.

Ontario's doctors offered the government a two-year freeze on our fees. Dr. Tandan made that offer. That offer stands today. This means no increase in our fees, from a standard assessment that your doctor might do, to the most complicated surgery. All that we're asking is that the government accept its responsibility to fund new doctors, to treat the patients we have today, and to provide the care for those patients who are going to be born tomorrow or who are going to move into the province tomorrow.

In 2012, we accepted a 5% cut, and in so doing, we helped save \$850 million in the system. We did this because we could make cuts in places that would have a minimal impact on patients. Now, less than three years later, the government is asking us for another 4% cut in medical services. We feel this is an unsustainable pattern. Moreover, we feel that there is often the mistake made

that OHIP billings are calculated before expenses, and so I wanted to show you that in one of the handouts I've provided.

These cuts are real. We feel that the government has taken a turn in the wrong direction.

As I've said, I'm most upset that these cuts are happening in family medicine. As a psychiatrist, I depend on family doctors to provide the medical care my patients need, and I'm not sure how I'm going to manage when we find out that more and more of our patients are not able to transfer from their pediatrician to a family physician.

1530

I hope my message is clear. The OMA wants the government of Ontario to fulfill its obligation and responsibility to Ontarians to fund the unmet needs of our current population and to fund new patients for the care that they require. We believe that the patients of Ontario deserve this.

I am happy to take any questions that you might have.

The Chair (Ms. Soo Wong): Thank you very much, Dr. Beck.

Mr. McNaughton, I think you will begin the questions.

Mr. Monte McNaughton: Great. Thank you very much. That was a very interesting presentation. I just wondered if you could tell the committee the consultation process that happened between the OMA and the government over the last number of months. You alluded in the beginning that, essentially—I'm assuming the consultation ended, and then they just sort of gave a threat to the doctors.

Dr. Gail Beck: It was actually a negotiation. The government of Ontario and the doctors of Ontario have been meeting in negotiation since January of last year. It's a very involved, well-established process.

When there wasn't any progress after a period of 120 days of negotiations, a facilitator was brought in, Dr. David Naylor, who provided a confidential report to the parties.

Subsequently, a conciliator, the Honourable Mr. Justice Winkler, was brought in. Those are people we chose between the parties, so both sides agreed. Justice Winkler did tender a report. Our view is that not all of the aspects of Justice Winkler's report were offered back to the Ontario Medical Association. In addition, the government didn't pay attention to the fact that Justice Winkler did say in his report that the current system is unsustainable. That is what's most important to us.

Mr. Monte McNaughton: So since we're obviously going into budget season, and the government will present a budget at some point, where does the OMA recommend that the money come from?

Dr. Gail Beck: We have worked with the government to find cuts within doctors' fees in ways that will not affect patients. There are always some ways that we can do that. We have offered to continue that process. We still have the means in place to continue that process. We feel that's one way that the system can be contained.

We've also offered some ideas in terms of system savings. There are always some ways that the system can

save money. We did have in place, after the last agreement, a bilateral committee that looked at savings within the system. It included, for example, the elimination or reduction of some pre-operative tests that weren't considered necessarily to be valuable. It did include some efficiencies in the schedule of benefits for tests that were not necessarily of significant value. We made savings there as well as with the cuts that were imposed.

Mr. Monte McNaughton: You alluded that—I'm assuming—back when the family health teams were created a number of years ago, you were at the table with the government. They worked in partnership with you to get those off the ground—

Dr. Gail Beck: In fact, in terms of both the family health teams and the family health organizations, this plan originally did come from the government of the day. That's because these primary care teams are felt to be the best way to treat patients. They're efficient, they're effective, they offer a multitude of services, and they're proven around the world to be effective. Now we see the government about to dismantle a system that is only just beginning to show its value in Ontario.

Mr. Monte McNaughton: Just one further question: We found out today, at least in the opposition, that there's going to be legislation introduced to force the government to disclose the names of physicians who bill the province's health insurance system, and the amounts they charge. What is the OMA's opinion on that?

Dr. Gail Beck: We feel that parts of that may not be as honest as they are. That's one of the reasons I handed around a reminder that 30% of physicians' payments actually go to their overhead. And it's important to look at one of those that outlines that 96,000 jobs in this province are created by physicians, each of whom employs approximately four people. We're small business people, and we feel we add to the economy.

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

The Chair (Ms. Soo Wong): One minute left.

Mr. Victor Fedeli: Thank you very much.

In the last couple of days we learned about doctor shortages. When we were in Sudbury we learned of 15,000 or so patients there without a doctor. In my hometown of North Bay, because of the recent death of one doctor and the retirement of two others, we have 12,000 orphaned patients. What are your thoughts in terms of doctor recruitment and doctor training, if you can just wrap that side of it up.

Dr. Gail Beck: Each year in Ontario, approximately 600 family physicians graduate. Under the system that the government is imposing, 20 family physicians per month will be allowed to enter an enrolled model. So that's 240 of those doctors over the course of a year, but they're not going to get a job right away and they're not going to get jobs in some urban areas.

I imagine that parts of the north will be included among underserved areas, because the 20 that are left are only for underserved areas. We know that, first of all, a lot of our new young doctors are really well trained.

They've been educated in Ontario. They're not going to get jobs.

The Chair (Ms. Soo Wong): Thank you, Dr. Beck. Thank you for your presentation. Thank you for your submission.

CANADIAN ASSOCIATION OF PHYSICIAN ASSISTANTS

The Chair (Ms. Soo Wong): I think the next presenter is supposed to be Ian Lee. Is Ian here? No. Okay.

I'm going to go to the next presenter, the Canadian Association of Physician Assistants. Are they present? Okay. Gentlemen, welcome. Can you please identify yourselves for Hansard? You have 10 minutes for your presentation and this round of questioning will be coming from the third party. Welcome.

Mr. Chris Rhule: Thank you very much for having us here. My name is Chris Rhule. I'm the president of the Canadian Association of Physician Assistants. This is Patrick Nelson, who is our executive director.

I'd like to start by just giving some history behind the PA profession, and CAPA as well, since it's relatively unknown in some circles of the population since we are a new and emerging profession within the health care landscape.

I, myself, was the first PA who was licensed to practice in Canada, and that was in Winnipeg, Manitoba, back in 2003. I've got over a decade of experience developing the profession in Manitoba as well as nationally. I now currently hold the role of president with the Canadian Association of Physician Assistants.

CAPA was formed with the assistance of the Canadian Armed Forces back in 1999, and in 2001, CAPA and the Canadian Armed Forces developed what was the occupational competency profile for civilian PAs. That was done through work with the Royal College of Physicians and Surgeons of Canada, as well as the CMA, and established the practice standards for physician assistants nationally. In 2005, CAPA's arm that deals with credentialing and the certification of physician assistants developed and implemented the first entry to practice certification examination, and has been offering that examination yearly since that time.

Some history of PAs: PAs have actually been around in the Canadian military for many, many years. They've been a vital component to health care services provided to our armed forces at home and abroad for over 70 years now. In the civilian context, it's been much more recent. As I said, I was the first one licensed in 2003 in Manitoba. Ontario started a pilot project introducing PAs in 2006, so it is very recent.

There's a strong US history that the Canadian PA profession has fallen on to try and learn from some of their mistakes and to help with the implementation of the profession in the country, and that was definitely a huge reason why we were able to evolve so successfully and quickly. In the United States, they have over 40 years of

experience and currently have over 100,000 practising PAs.

Just to give you an overview of the PA education and scope of practice, there are currently four PA educational programs in the country, three of which are here in Ontario. Two are civilian programs, one at McMaster University and one at the consortium of the University of Toronto, the Michener Institute and the Northern Ontario School of Medicine. There's also the Canadian Armed Forces' educational program, which is in Borden, Ontario.

PAs are educated in the medical model, in a very similar fashion to physicians. The programs are two to two and a half years in duration and cover the breadth of medicine, very similar to what the medical programs are, but the depth is obviously a little bit different since we're doing this in half the time, and we don't have a residency requirement after graduation from the program. Our core competencies and the core structure of the curriculum are very similar to medical school.

1540

PAs offer an extension of the physician and can share in their scope of practice through basically a negotiated autonomy between the PA and the physician, based on the PA's experience set, knowledge and level of experience. That can in fact allow the PAs to practise up to the scope of practice of their supervising physician.

I don't often like to look south of the border for all kinds of comparisons or context when it comes to health care, because we all know some of the problems that exist down there. However, sometimes there are some really beneficial points that you can ascertain from the US system.

Down there, like I said, there are over 100,000 practising PAs. Now, with the introduction of Obamacare, the utilization over many decades through the VA health system, and, over the last several decades, the evolution of HMOs in the country, it has proven to be a great model for the growth of the PA profession. These models are looking significantly at the financial impact—obviously, because they're run as businesses—as well as the government aspect, where the funding constraints are very similar on health care. PAs have been able to flourish in that environment because of their productivity, effectiveness and cost benefits to the system, as well as quality of care.

The physician assistants in the US are the fastest-growing segment of medical providers. Their expected growth is 50,000 to 70,000 PAs between 2013 and 2020. That's hugely significant. It obviously shows you that this is in a fiscally driven and litigious environment down there, and they're being extremely successful. You can relate that back into the Canadian context, where we're under very similar financial constraints. If it's successful down there, it should be successful here.

In Canada, there are 450 currently practising PAs, 250 of which are in Ontario. PAs work in all areas in the continuum of the life cycle and practise virtually in all areas of medicine and surgery. PAs have proven to be an

invaluable resource to patients, families and the health care system. They have fostered much practice innovation in multiple settings and have contributed to inter-professional collaborative practice models, which provide better quality of care as well as improved wait time access.

We recently undertook a Nanos poll which was looking at the knowledge and acceptance of physician assistants in the civilian sector amongst Canadians. Amongst Canadians who received care, more than nine in 10 were satisfied with the experience of a physician assistant looking after them. More than eight in 10 Canadians are comfortable receiving primary care from a PA under physician supervision, and more than eight in 10 Canadians support a greater role for PAs in the health system.

In Ontario, there are 900,000 Ontarians who do not have access to primary care providers. The median wait time in 2013 hit 18.2 weeks, which was three days longer than in 2012 and much longer than 20 years ago, when it was 9.3 weeks. Canadians across the country, in all provinces, are waiting much longer for procedures, and that continues to rise yearly.

It is expected that by 2036, a quarter of the Canadian population will be over 65, double the proportion of what we have today. With that anticipated influx into the health care system and the financial burden that that's going to put on the system, I think that physician assistants offer a wonderful alternative and an additional care provider into that practice mix that's going to be required in the future. If we're short now, you can imagine what we're going to look like in 10 years. All providers are going to be necessary.

PAs have already demonstrated many benefits to patients and to the system. Some data that I can share with you is that PAs have reduced waiting times in EDs—emergency departments—by half, and improved wait times in orthopedic settings by 42%. Some 95% of Ontario physicians working with PAs said that the PA increased their own efficiency in providing patient care.

Studies have also found that 30-day readmission rates were reduced by 25% in patients receiving visits from PAs as part of a home care program. PAs in long-term-care settings have also been shown to decrease hospital admission rates by 38% and decrease unnecessary ER visits by 50% to 80%. As you can imagine, these are huge implications to resources in the health care system that can be impacted with significant cost savings that would more than pay for the implementation of physician assistants into these settings.

If you look west of Ontario, there has been implementation of physician assistants into large percentage into mental health. In Manitoba, in Winnipeg, they use them in the crisis response centre as the initial providers that see people in mental health crisis and triage them and get them to mental health care much quicker and effectively than previously was available. Also, in primary care, there's an implementation pilot project there that demonstrated significant benefits to patients by increasing attachment to physicians so that more patients were able

to have a primary care provider. Also, the success of patient satisfaction and provider satisfaction as well as allied health satisfaction with working with PAs was increased as well.

They reduced the length of stay in hospital settings in these primary care settings when they used PAs in family practice, hospital-based settings. They were able to increase the throughput in these practices, which therefore decreased the length of stay and obviously reflected in lower health care dollars on those patients' stays.

Some 96% of patients in Ontario were satisfied with the level of care provided by the PAs and 83% supported a greater role of PAs in the health system. Of that, the seniors, or the 60-plus segment of the population, were the biggest supporters, with about 88% supporting the PA role. So that's significant.

The value that PAs provide working alongside physicians and other health care professionals is that they decrease the wait times; improve access to care for Ontarians; enhance the quality of care being provided to patients; and are a cost-effective solution to health team resource challenges in Ontario as well.

What we at CAPA are asking you as the Ontario government is to invest more in PAs. If we were able to get you to introduce 40 new positions per year of Ontario graduates into the following areas, which are strategically matching the mandate letter to the Minister of Health from the Premier—in mental health, long-term care, primary care and home care—I think the addition of PAs into these health care settings would have dramatic and significant financial impacts as well as impacts on quality of care and patient satisfaction. The cost of 40 new positions in the system would equate to roughly \$3 million to \$3.5 million.

I'd like to thank you very much for the opportunity to talk to you.

The Chair (Ms. Soo Wong): Thank you very much. This round of questions is from Ms. Fife, from the third party.

Ms. Catherine Fife: Thank you, Patrick and Chris, for coming in today to share your feedback about PAs. It's true: Health care is the dominant issue at every place. It's around resource allocation and the lack of doctors, which is a consistent theme. The government is looking for options and affordable alternatives. This is a very well-researched paper as well, which I'll share with our health critic.

You cite in the paper, though, that there's a "lack of clear funding models. Some PAs are funded through the ministry-led career start funding program for new" grads. There's also some funding attached to family health teams.

There needs to be clarity and obviously an education about the role of PAs as a supplementary and affordable alternative. What is the best way to fund the money to justify the \$3.5 million in ask of the finance committee?

Mr. Patrick Nelson: There are a few questions in there. I think the first thing is to acknowledge that the government of Ontario was one of the leaders in introducing PAs into Canada and into Ontario, obviously.

With it, I think they've tried various funding models, and some have worked. The funding in capitated models in family health teams etc. is working very, very well. Where there needs to be some improvement is in fee-for-service-based compensation models. That's what we're referring to there.

Ms. Catherine Fife: Okay.

Mr. Patrick Nelson: We haven't quite figured out the path in Ontario and in Canada, in fact, where the incentives are good enough that the physician is benefiting as well as the PA is benefiting. In the US, for example, insurance companies take great advantage of the model because they see the benefit in allowing the physician to bill when a PA provides the service because they can pay the physician at a discounted rate. In Ontario, we don't let physicians bill when they haven't directly provided the service.

1550

Ms. Catherine Fife: Okay, so you're looking for an incentive, then, for doctors to pull a PA into the family health team?

Mr. Patrick Nelson: Right. When you don't let the physician bill for the service that the PA has provided, which is in fact how the delegated model works, there's not a great value to the physician to have the PA in the practice.

There's a great value when it comes to the patient and to improving access. Where we get a little sticky is on the funding model in those areas. We think that we can find a way where the patient will benefit, the physician will benefit, the PA will benefit and, in particular, the government will benefit from reduced costs. We just have to find a venue to begin that conversation.

Ms. Catherine Fife: So if Manitoba started this process—they were a leader—have they figured out the billing process? So it remains an issue?

Mr. Patrick Nelson: All of the other provinces have chosen a very direct path to just pay the salary of the PA regardless of where they practise and what model they practise in. In Ontario, we have done really well on the capitated side, but we haven't figured out the fee—

Ms. Catherine Fife: What is the average salary, then? The average doctor in the province of Ontario bills about \$350,000. What is the average salary of a PA?

Mr. Patrick Nelson: About \$75,000 to \$90,000, I think, is what we're looking at.

Ms. Catherine Fife: Okay, that's good. That's good to know. It sounds like it's a work in process, but if you make a strong economic case for it, our responsibility is to take it back. Thank you very much.

Mr. Patrick Nelson: Thank you.

The Chair (Ms. Soo Wong): Gentlemen, thank you very much for your presentation.

MR. IAN LEE

The Chair (Ms. Soo Wong): I am just checking: Ian Lee is here? Okay. Mr. Lee, welcome. I know you're trying to set up the technology piece. I just want to do

some housekeeping. You have 10 minutes for your presentation and five minutes for questioning from the government side, because we rotate the questioning.

Please, when you're ready to begin, identify yourself and what organization you represent. That would be really helpful for Hansard.

Mr. Ian Lee: Okay. Thank you for inviting me. I have a PowerPoint presentation. I've just been running around, and I'm teaching classes, so I will provide these to the Clerk of the committee after today. I'm not hiding these. These are public slides, and I have no problem with that.

My name is Ian Lee. I'm a professor in the Sprott School of Business at Carleton University. I've been there for 27 years as a tenured professor.

I do want to run through some disclosures, which I believe are very important. I do not consult to anyone or anything anywhere on the planet Earth or other than the planet Earth. I don't consult to corporations or unions or NGOs or persons or governments or any agency directly or indirectly, nor do I own any financial assets of any kind anywhere in the world other than my home in Ottawa and my five-year-old Honda. I have no other assets. I am not beholden to anybody, which is why I can speak truth to power, because nobody can fire me, because I'm tenured. I'm being very frank.

I only source in my research and in my classes what I have defined to my students and myself and to media as authoritative, reliable data, which I define as data from OECD, IMF, the International Energy Agency, World Trade Organization, UNCTAD and similar agencies, and source data from OECD government departments, whether it's federal or provincial, US government or state, and any country in Europe—so StatsCan, US Bureau of Labor Statistics, Bureau of Transportation Statistics etc., etc. I don't use NGO or union data because they are policy advocates, in my view, and I think that's pretty clear.

What I want to do is just run through these slides very quickly, and of course I'll be very pleased to take questions.

I have attended several pension conferences, including one in late November at the University of Toronto, organized by Lancaster House. I took the position that there is absolutely no justification for the Ontario pension plan, and I'm going to explain why, empirically and factually.

I've also published 43 op-eds, which are on my website at Carleton, and five of them were in the *Globe and Mail* on this issue, one with Chancellor Professor Vijay Jog and another with Philip Cross, a retired assistant deputy minister at StatsCan.

Professor Vijay Jog—who has co-authored with Jack Mintz—and I are writing another article for publication this summer on the reforms proposed to the Canada Pension Plan as well as the Ontario pension plan.

I just want to open with this quote, because it explains to you where I'm coming from. I did attend the conference last December, here in Ottawa at the Château Laurier, organized by the University of Calgary, where

Jack Mintz spoke. There were a whole bunch of people there, and I'll be quoting them in a moment. Kevin Milligan was there as well.

Jack Mintz has done research on this, as we all know, and so has Kevin Milligan and others, and what they've shown is that the bottom two fifths of the population are already looked after under our mixed pension plan system. That is why we have the third-lowest level of elder poverty in the OECD, which I define as “in the world,” because the OECD countries are the wealthiest in the world. This was not always so, but from the 1960s until now, we've solved it.

What I'm arguing, and certainly what the data is arguing—and Erin Weir is arguing this, and Janice MacKinnon, the former NDP finance minister, made the same argument at the conference last December—is that the pension problem, such as it is, is in the top three fifths of the population of those who don't have company pension plans, and then they find that they're dropping from \$100,000 or \$150,000 down to \$40,000 or \$50,000—well above the poverty line but still a very substantial decline in income. She posed a very trenchant question at that conference: Is it the role of government to address the problems of the upper middle class? I obviously don't think it should, and she doesn't think that's the role of government.

This is the graph of OECD pensions at a glance, and we're showing that Canada is at 7.5%. I have another, fuller graph as well that I'll also be adding back into this presentation when I provide it to the committee.

Right now, elder poverty in this country is—this is the whole country, not just Ontario—7.5% of seniors are below the poverty line. There is a solution for that. It was proposed by Jack Mintz this January in a working paper. He said we could eliminate elder poverty almost overnight by simply providing 100% survivor benefits to those elder women. Elder poverty today is overwhelmingly very elder women, women in their 80s and 90s, like my late mother, who did not work outside the home, who didn't have her own Canada pension, and so when her husband died, her CPP went to half—the survivor benefit. Jack Mintz said, “Look, let's give 100% to those people who don't have their own CPP, and top up the GIS.” This, or a variation, was also proposed by the late Jack Layton in the last election. So we have a solution for the 7.5% without gerrymandering the existing system.

For further evidence of this—and I'm a purely empirically based person—if you go to the stats, and by that I mean public stats, when you go to the total and median net worth—I know there are a lot of numbers there. I wanted to highlight it, but it wouldn't take it because it's a PDF. If you look there, seniors are the wealthiest. Halfway down, you'll see “senior families.” The net worth in 2012 was \$650,000—net worth—of seniors' families. They are the wealthiest people in Canada today, on average, setting aside the 7.5% who are below the poverty line.

I show these stats to my students. My students are very poor, compared to elders today. I'm three years

away from becoming an elder myself, so the idea that I need another pension is just simply absurd.

Now I want to give you the second part of my argument. The argument has been that Canadians and Ontarians are not saving enough, and I'm going to explain to you empirically why that's wrong.

I should disclose that I worked in a bank in the 1970s and early 1980s as a loan manager, as a mortgage manager, where I lent money to a lot of people, and I reviewed their personal balance sheets every day as part of my job.

The Stats Canada household balance sheet—this is right up to the moment, the most recent hot-off-the-press, fresh; I've got the URL there. Today, Canadians—not Ontarians; Canadians—own approximately \$9.5 trillion in gross assets. These are not government assets; these are not corporate assets; these are individual. Collectively, individually, we owe \$1.7 trillion in debt, for a net worth of approximately \$8 trillion, or \$250,000 per person. Now, it's skewed toward elders, which is why we see elders with \$650,000 of net worth.

Just very quickly, very big-picture: I want to do the other one, because I did it better on a table here. Here are total assets of Canadians, total personal assets: \$9.4 trillion, to be precise. How much are in RRSPs? Some \$959 billion, just shy of \$1 trillion. How much in employer pensions? Some \$1.9 trillion. If you put those two together, the total pension assets are around about \$3 trillion out of \$9.4 trillion, or roughly one third of our assets are savings.

1600

The problem with the critics is they say, "Aha! That's all we've got as savings." That is not correct. We have \$9.4 trillion, minus the indebtedness, or \$8 trillion. In other words, we also have financial assets outside of pensions, \$1 trillion; we have non-financial assets—principally homes and secondary residences—of \$4.7 trillion; and we have equity in small businesses that are not incorporated—thus they're personal—of just under \$1 trillion.

All assets are savings. Any asset class can be liquidated into cash. I can sell my house tomorrow morning and I've got cash. I don't have to, but I can. Just as I can sell my equity in a business, I can liquidate my financial assets.

Very quickly, I'll give you the test of this. I walk into the bank tomorrow morning. I say, "Bank, take out \$1,000 from my bank account and buy me a Canada savings bond," and I put it in my self-administered RRSP. My pension savings go up by \$1,000. Everybody says, isn't that great? The next day, I go and buy another \$1,000 bond and I say, "Buy me a bond, but don't put it in my RRSP. I'm going to put it in my safety deposit box." "Oh, it doesn't count. It has vanished into the ether." No, it hasn't vanished into the ether.

I'll wrap up very quickly because I really want to get to the final point. I'll put these in in my supplementary to you.

The final point I want to make is why it doesn't address low-income Canadians. Every person below the

poverty line—the 20% of elders below the poverty line are getting the guaranteed income supplement. It will be clawed back \$1 for \$1 from every future Ontario pension plan dollar they get. In other words, you are not going to be benefiting the low-income seniors because they will not get one net new dollar. For every dollar they get from the Ontario pension plan, it's going to be reduced from the guaranteed income supplement, the GIS, which is paid for out of general taxation in Canada. You don't pay 1.9% of payroll to get GIS; it's out of general taxation. It's not a pension plan.

So what you're doing to low-income people is you're saying that you're going to pay 1.9% more while you're working to get the same amount of money when you retire—because it will be clawed back. That's why I say—and I've been saying this in media interviews, I've said it at conferences—the bottom quintile, the bottom 30%, actually, that's getting GIS, will not benefit \$1 because it's going to be clawed back, \$1 for \$1.

This will benefit the government of Canada. You're going to reduce the payout under GIS and transfer that payout to Ontario. That may be very generous of Ontario towards the government of Canada, but it's unnecessary.

I'll close and I'll stop because I'm sure I'm near my 10 minutes. I will provide these slides with background information on incomes and median quintile and so forth. There are a lot of background stats I've got here that are really ancillary to my overarching argument, which is that we are saving \$10 trillion, not the \$3 trillion, in pensions—\$10 trillion minus the debt—and secondly, the bottom quintiles are not going to benefit from this proposed pension because it will be clawed back from their GIS income.

The Chair (Ms. Soo Wong): Thank you very much, Professor Lee. We now turn to the government. Mr. Fraser, would you like to begin?

Mr. John Fraser: Thank you very much, Professor Lee—a very thoughtful presentation. I take your point on the GIS. It was very clear.

One of the pieces you touched on was essentially widows getting half of their income. That's a very good point. That's something that's very concerning. One of the reasons that we're where we're at right now is we believe that there should be some enhancements to the CPP—one of those things which should be—and that would be the best way to do things. In the absence of that, we have to try to be able to protect people's pensions in a way, and that's why we have the Ontario pension plan.

What are your thoughts on the Canada Pension Plan and enhancements, just to hear what your thoughts are?

Mr. Ian Lee: No, I appreciate that. I'm sure you've realized by now I do have very clear views on this, and I do have a lot of experience and I'm not trying to sell you on this.

I want to go back to my mortgage experience. I had 10 years at BMO, and they had that beautiful marble bank opposite West Block, Parliament Hill, which has been nationalized or expropriated by the government of

Canada. It's about to become the home of the finance committee, I understand. It's a gorgeous building, and I worked there many years and I have very many good memories.

Why am I telling you this story? I lent millions and millions and millions of dollars to homeowners. I mean, a \$100,000 mortgage here, a \$100,000 mortgage there; I was doing it, believe me. We were writing 50 mortgages a month out of that branch. It was the fourth-largest branch of BMO at that time before they later closed it.

I was obviously much younger; I was in my late twenties. I remember having conversations with people because even then, their RRSPs were a big product of the bank. I would say to customers, "You don't have an RRSP. Are you interested in opening up an RRSP?" They said, "No, I can't afford an RRSP and buy a house." I thought that, too. I bought my first home when I was 25 because I believed then—and I still do—in residential real estate. But I was playing almost a cat-and-mouse, devil's advocate because I wasn't trying to coach them or anything. I said, "Well, why are you choosing to buy a house?" They said, "Well, because I can live in my house for the next 30 to 40 years, and then if I need to sell my house, I can sell it and get it capital-gains-free."

Ordinary Canadians are very intelligent. They're very sophisticated. They understand these things. They may not go on Power and Politics, but they get this. They know your house is tax-free; it's the only thing in this country that's tax-free.

My point is, my argument against the enhancement of CPP is, first off, we don't need it, and the poverty statistics are proving me right. We're the third-lowest in the world, the OECD, which is the world—

Mr. John Fraser: I would argue that, as a statistic, 7.5% is high. I would say if almost one out of every 10 seniors is living in poverty, how many seniors are living just above that poverty line?

Numbers are important, and that's why I really appreciate your presentation, but there's always another ledger sheet, and that ledger is people's lives. As legislators, we see the budget, but the one that's really hard to see is to look into people's lives and see how what we're doing is affecting them.

Mr. Ian Lee: First off, I've already said that I strongly support what Jack Mintz proposed. I don't know if the Prime Minister does. I've never met him; I don't have personal conversations—I'm not a partisan. I think that eliminating the income dropping to one half for a widow or widower who had no CPP of their own right—keeping them at 100% survivor benefits and topping up the GIS—is the only way to go. He estimated it would cost less than \$5 billion annually. For \$5 billion, we could eliminate elder poverty in this country. We have a 7.5% elder poverty problem. I don't believe we have a general CPP problem or an Ontario pension plan problem.

I'm answering your question, though, because you asked. Here's my reason why: You could say, "So what? So what if we top it up?" My concern is that we're going

to restrict and reduce the ability of people to buy homes. I'll put my cards on the table: I think the most important investment is not RSPs. I don't think it's the Ontario pension plan. I think it's scraping enough down payment when you're young—like I did and millions of other Canadians did—to buy a house and to struggle in the early years while it goes up in value and you pay down the debt in value. That's what we should be protecting and encouraging: home ownership.

The Chair (Ms. Soo Wong): Okay, I believe—

Mr. John Fraser: Just one quick thing I would argue very quickly: Someone might have said that about the CPP 30 years ago or 40 years ago.

Mr. Ian Lee: No, because my late mother, who lived until 91—she died only three years ago—reminded me that until CPP, OAS and GIS, poverty was an elder problem in this country. Massive numbers of elders were in poverty—massive numbers. We do not have massive elder poverty today. That is not true. We have an elder-elder-female poverty problem which can be addressed though targeting.

Mr. John Fraser: Thank you very much.

The Chair (Ms. Soo Wong): Okay, I believe Ms. Vernile has a question. Ms. Vernile, you want to ask a quick question?

Ms. Daiene Vernile: How much time do we have?

The Chair (Ms. Soo Wong): One minute.

Ms. Daiene Vernile: I'll make it quick. I want to share something with you—

Mr. Ian Lee: I can speak quickly.

Ms. Daiene Vernile: You shared a lot with us, and I want to share this with you. You said you haven't had a personal conversation with the Prime Minister, so I want to tell you about personal conversations I had in the recent campaign, knocking on doors. I knocked on 7,500 doors in 43 days, and we talked a lot about this pension plan. I got a lot of feedback from people telling me that they were very much looking forward to it. I had one person at the door ask, "How are we supposed to live on \$6,500 a year?" That's typically what CPP is. I would put that to you because I saw this in Kitchener Centre. I saw poverty.

Mr. Ian Lee: I'll answer your question. First off, we don't get only CPP when we retire; if we're below the poverty line, we'll end up getting CPP, OAS and GIS. That's why we've almost—almost, but not completely—eliminated elder poverty. We do not have the problem of the 1930s, 1940s, 1950s and 1960s, until we came up with the social package of the mixed pension plan system. That's the first point.

The second point, really just to respond to both of you: I know people at StatsCan. They are incredibly professional people. They constantly evaluate that basket of goods and services to determine how much money we need to be above the poverty line. I am fully confident that those poverty line statistics, which right now for a single person, I think, are up to \$24,000—you're not going to become wealthy at that, and I'm not suggesting that, but we're trying to ban poverty, not put people from here into the middle class there.

Ms. Daiene Vernile: The older folks that I chatted with said, “We know that this is not for us,” that this is going to be for future generations, young people who have less job stability and will be working longer. Can you see this benefiting younger Canadians?

Mr. Ian Lee: While I’m giving you that nuanced answer, if they’re in the bottom two quintiles, no; it’s going to get clawed back. I have already said it will benefit the upper middle class: not all of the upper middle class, but those in the upper middle class who have not saved enough and don’t have an employer pension. So there’s a subset of the upper middle class, the top three quintiles, who will benefit.

But I’ll ask the same question that Janice MacKinnon, the former NDP finance minister, asked: Is it the role of government to address failures of savings by very affluent people making \$100,000 or \$150,000 a year? Now we’re getting into philosophy. I mean, that’s more than I make as a professor, and I don’t see why we should be doing that for people making—say a full professor who for some reason didn’t have a pension plan.

The bottom two quintiles, those people you were talking to, I am certain—because I’ve talked to a lot of people in Ottawa—think they’re going to get an enhancement over what they’re getting now. I say, “No, you’re going to get clawed back. You’re not”—

Ms. Daiene Vernile: No, you won’t.

Mr. Ian Lee: —“going to get a dollar.”

By the way, you should talk to Service Canada about the rules of GIS, which I have, and they do claw back one for one.

The Chair (Ms. Soo Wong): Thank you, Professor Lee, for your presentation.

I believe the Railway Association of Canada is next, and I don’t think they’re here. Because they are scheduled for 4:45, I am going to recess the committee until 4:30, because I think the Clerk has instructed all the presenters to come 15 minutes before their presentations. I’m sorry we cannot adjourn the committee. The staff tried to contact the presenter. So we’re going to recess until 4:30, everybody, and you can get a stretch. Thank you.

The committee recessed from 1611 to 1630.

RAILWAY ASSOCIATION OF CANADA

The Chair (Ms. Soo Wong): Okay, I’m going to resume the committee and we’re going to listen to our last presenter: the Railway Association of Canada. I believe Mr. Michael Bourque, president and chief executive officer, is here, and maybe your colleague.

Just to give you some housekeeping, there will be 10 minutes of presentation, followed by five minutes of questioning from the official opposition party, sir. You may begin any time. When you do begin, please identify yourself and your position, as well as your colleague, for the purposes of Hansard. Welcome. Thank you for being here.

Mr. Michael Bourque: Thank you very much, and I understand that you’re a little ahead of schedule, so I’ll try and get organized quickly with giving you our presentation.

The Chair (Ms. Soo Wong): That’s okay. We have lots of time.

Mr. Michael Bourque: Thank you for inviting us to speak to you today. I think what we’re going to present is pretty efficient, because our message is fairly straight-forward.

I’ll wait until you have that to really get to my main message, but while I’m doing that, maybe I’ll just mention that there are 17 railways in Ontario in our membership, out of about 55 railways in our membership in Canada. Most people are pretty surprised to hear that there are 55 railways in Canada. A lot of those are short lines. I’m also including railways like GO Transit which are members, the O-Train here in Ottawa and other commuter services, as well as tourist trains like the Rocky Mountaineer, passenger, Via Rail, of course, and the bigger ones, CN and CP.

One thing that we’ve really seen in Ontario is that there is a lot of support for commuter rail, support from the riding public and support from the government that’s funding it. We’re very happy about that. If you ask yourself, “Why is that?” I think the simple answer is road congestion and cost. It’s simply not sustainable to continue to build more and more roads. When I’m on the road in the morning, which is not very frequently, I see a lot of single-occupant vehicles. In fact, I would argue that free roads distort normal market signals that would lead people to make a more rational choice between cars and transit. But I’m not here to argue for road pricing; I’m here to argue for rail infrastructure. Maybe we can talk about road pricing another day. I think it’s a great subject. I’d love it if you’d invite the trucking association and we can both do that sometime.

Why we’re here: You’ll see on slide 3 the Premier’s instructions to the Minister of Transportation and his priorities for 2014. Specifically, I’m here to ask you to support the mandate given to the Minister of Transportation, Mr. Del Duca, and to tell you why we think it’s in your best interest to do so.

You’ll see on the next slide Ontario’s transportation expenditures. The first thing I want to say about this is that, if you look at it, it’s \$2.8 billion for all modes. This year, CN and CP alone will spend \$4 billion on their infrastructure—\$4 billion. That’s \$1.2 billion more than what Ontario spent in 2013 and probably more than they will spend this year.

So I’m not here to talk about any need that CN and CP would have. They are very profitable companies. They are privately owned. They invest in their network. If you take a glance when you’re driving over a bridge sometime and you see a class 1 railway, you’ll see that it’s in excellent shape—certainly in much better shape than most of our highways in the country.

But if you look at this slide, and you look at the amount that has been spent for freight rail, which is about

\$50 million, which is mostly for Ontario Northland—the point is that most of the money is spent either on transit or on roads. Short line railroads compete with trucks, and trucks don't pay for roads, so they are subsidized. Short line railways are not subsidized.

We think that this should be corrected, and the reason is simply that we believe it's important to maintain the short line infrastructure for the future of the province and for the future of the country. Short lines help to lower costs for their customers, because it is cheaper to ship by rail than by truck. They reduce the number of trucks on congested roads. They increase safety, because it is safer to ship by rail than by truck, and they reduce emissions. As you can see here, the total rail sector accounts for 4% of all the GHGs in transportation. When you consider how much we move in this country, which is a significant amount of volume of goods, about 70% of everything, and we emit 4% of the greenhouse gases—so I always like to say that from an emissions standpoint, there is no better deal than rail.

But there is another really important reason, and that is that it's critically important to maintain rail lines for the future development of the province. It's very difficult to get a railway right-of-way back once it has been put into use for another purpose. We need to think 50 years out and make sure we're doing what we can to maintain a level playing field between short line rail and trucks so that we can maintain those networks.

As an aside, the accident at Lac-Mégantic involved a short line. We think that was a huge anomaly. But it was an interesting case, because at the same time that that accident happened, I had a copy of a court injunction on my desk that was filed by the town of Litchfield, Quebec, which is close to Ottawa here. They were trying to prevent CN from ripping up tracks, and the council from that town was making the argument publicly that if they lost that rail line, they would never attract heavy industry to their area, because it's typically a logging and mining area, and it's not competitive to move those kinds of products by truck. So it was kind of ironic to me, because at the same time that people were questioning a lot of these short lines, you had at least one city going to court to try to prevent the tracks from being ripped up. So those are some very good reasons, I think, for supporting short lines.

In the next slide, you'll see that while we talk about short lines, a lot of them are sort of related, which would be regional railway operations, branch lines and secondary lines. Sometimes there is a complicated ownership. Some of it is community owned. Some of it is owned by customers. So I don't want to suggest that I'm just limiting it to a short line company, because that might exclude others that would be worthy and where we would want to invest.

Finally, just to repeat, what we're asking for is support for the mandate that the Premier has given to the minister. We're asking—even though we can't tell you exactly today what that program should look like, where the money should go, what we'd like to do is see some

money earmarked for rail infrastructure investments, and for this committee to recommend that the Minister of Transportation work with us, with the industry, to develop the programs required to direct these investments. We think that it's very reasonable to suggest that we double the current amount of funding from 2% to 4%, or about \$100 million.

1640

With that, I'd be happy to take some questions. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. I think Mr. McNaughton is going to begin the questioning.

Mr. Monte McNaughton: Thank you very much, Michael, and thanks to you and your association for really putting a concentrated effort on educating MPPs. I know, since I was elected in 2011, your group has been at Queen's Park a number of times, which I think is great, to educate the MPPs.

I just wondered: Historically, what level of funding has the province committed to rail? Has it always been around 2%?

Mr. Michael Bourque: It has always been very low and it has always been very targeted to Ontario Northland, which is owned by the government. As an aside, the government was going to sell Ontario Northland to CN some years ago, and that deal, at the 11th hour, was cancelled. Since then, it has been harder to make that business case work. I'm sure the government wishes that had happened because it's a very good case where it's a difficult proposition to keep that open. Yet, if we lose it, then there's yet another rail line into an area that will be gone.

Mr. Monte McNaughton: Can you give us some of the costs? I know you said you don't have a specific ask, but in an ideal world—I guess you're asking for 4% of all transportation to be spent on rail.

Mr. Michael Bourque: The reason I came up with 4% is that they spent \$50 million in the latest figures that we have and we think that if there was \$100 million, then that would be a good starting point. From that \$100 million, we would expect companies to make investments also. We would not ask for any money to be spent that wasn't also with a contribution from a company that was requesting. In the United States, for example, they have what they call TIGER grants. There is a contribution by the railway that's reflective of the private benefit that is generated from that investment and there is a percentage that reflects the public benefit. Typically, a public benefit can be counted with reduction in road congestion, safety, reduction of emissions, competitiveness of the customers and so on.

Mr. Monte McNaughton: Can you give us some specific examples of what it costs to build so many kilometres of line?

Mr. Michael Bourque: That's something that's very difficult to get a comparable because it depends what you're comparing it to in terms of road. As one example, I know that CN recently reconstituted a line in Wiscon-

sin. It was about 20 miles and was done for about \$25 million. When I think of the cost of roads, I know it's much higher than that.

Mr. Monte McNaughton: Just a completely different topic: Has the railway association taken a position on cap-and-trade or a carbon tax?

Mr. Michael Bourque: We don't have a position on that. I guess we'd probably be in a position to benefit from something like that because we have such a low emissions footprint and we've had a program of reducing emissions for 10 years and we've had continuous improvement in emissions. But we don't have an official position on that.

Let me just give you one other example, coming back to your previous question: I've also asked Transport Canada for a general figure on the cost of an average bridge that would accommodate rail and car traffic, and the figure I got was \$25 million for that. I think that's probably a ballpark; I wouldn't put any money on it.

The Chair (Ms. Soo Wong): Mr. Fedeli, do you have a question?

Mr. Victor Fedeli: Yes, a couple of questions. After Lac-Mégantic, we understand that there's a federal push to double-wall the rail tanker cars. Is this something that's more discussion or something that will actually happen?

Mr. Michael Bourque: What's happening with the new tank car standard is that—well, first of all, the accident that happened in Lac-Mégantic was using what was known as the DOT-111, which is an older standard. Since then, the industry has pushed for a higher standard.

The tank car that is most prevalent today is what we'd call a CPC-1232, which is a safer tank car, and we have been recommending to the government that they move to the next generation. We have a North American tank car committee; they've made recommendations on what that should be. It includes a number of features to make the tank car safer, based on accidents that have happened in North America, and it includes a thicker steel. What we recommended was eight sixteenths, and there are a number of people who are recommending nine sixteenths. We're not opposed to nine sixteenths.

We think that the federal government is going to announce a new tank car standard soon—

Mr. Victor Fedeli: The reason I ask, of course, is that, with Ontario Northland being in our hometown and with

such massive and underutilized shops after the shutdown of the passenger rail line, this would be an ideal business for the refurb shop to get into.

Mr. Michael Bourque: Well, actually, National Steel Car in Hamilton is already manufacturing tank cars.

Mr. Victor Fedeli: I'm talking about refurb of the existing cars.

Mr. Michael Bourque: Yes, there would be lots of opportunity to upgrade existing cars. There's no question that it would occupy a lot of shop space across North America.

Mr. Victor Fedeli: The only other closing comment I would have is that, with the opportunity to develop an Ontario Northland rail line to the Ring of Fire from Nakina, it could be the first new extensive rail line of several hundred kilometres built in all of Canada if we do this right.

Mr. Michael Bourque: Yes. I have a very strong opinion on that. I'll tell you, I was in Chicago last week and I had the opportunity to listen to the new president of Cliffs mining speak. I asked him about the Ring of Fire, and he said that they have absolutely no interest in the Ring of Fire.

Mr. Victor Fedeli: Cliffs doesn't.

Mr. Michael Bourque: That's right. But I think it's important to understand why. It's supportive of the fact that we need a rail line there. What he said was that it's very far from any infrastructure. It's very far north, it's far from infrastructure, and it's not developed. "Certainly," he said, "our company should not have been involved in this unless there was already a commitment for building either a road or a railroad."

Mr. Victor Fedeli: Of course, he says he's not interested after he spent \$700 million finding out.

Mr. Michael Bourque: Yes, he took pains to say that that was his predecessor.

The Chair (Ms. Soo Wong): Well, thank you very much for your presentation, sir, and thank you for your written submission.

Mr. Victor Fedeli: Great to see you.

Mr. Michael Bourque: Thank you for your questions.

The Chair (Ms. Soo Wong): Okay, folks, we are going to be adjourning to Cornwall. Thank you.

The committee adjourned at 1647.

Continued from back cover

Canadian Association of Physician Assistants	F-173
Mr. Chris Rhule	
Mr. Patrick Nelson	
Mr. Ian Lee	F-175
Railway Association of Canada	F-179
Mr. Michael Bourque	

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CONTENTS

Thursday 22 January 2015

Pre-budget consultations	F-125
Air Transport Association of Canada.....	F-125
Mr. Michael Skrobica	
Algonquin College	F-127
Ms. Cheryl Jensen	
Mr. Robert Armstrong.....	F-129
Canadian Mental Health Association, Ottawa branch.....	F-131
Ms. Jennifer Eastham	
Ms. Christine Gagné	
Cement Association of Canada	F-133
Mr. Michael McSweeney	
Champlain Region Family Councils Network	F-135
Ms. Grace Welch	
Chemistry Industry Association of Canada.....	F-138
Mr. Bob Masterson	
Federation of Urban Neighbourhoods (Ontario).....	F-140
Mr. Archie Campbell	
Mr. Don Stewart	
Fuel Industries	F-142
Ms. Julie Allen	
Greater Ottawa Home Builders' Association.....	F-144
Mr. John Herbert	
National Airlines Council of Canada	F-147
Mr. Marc-André O'Rourke	
Ontario Waterpower Association	F-149
Mr. Paul Norris	
Ontario Long Term Care Association	F-152
Ms. Candace Chartier	
Mr. John Scotland	
Ontario Nurses' Association	F-154
Ms. Anne Clark	
Ducks Unlimited Canada	F-157
Mr. Nicholas Gall	
Mr. Pierre Drouin	F-159
Parkinson Society Ontario.....	F-161
Mr. Lloyd Cowin	
Canadian Owners and Pilots Association.....	F-163
Mr. Kevin Psutka	
United Food and Commercial Workers Union Local 12R24	F-165
Mr. Robert Edwards	
Ms. Donna Marx	F-168
Futurpreneur Canada.....	F-169
Ms. Julia Deans	
Ontario Medical Association.....	F-171
Dr. Gail Beck	

Continued on inside back cover