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Mercredi 20 mai 2015

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Building Ontario Up Act (Budget Measures), 2015

Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 20 May 2015

Mercredi 20 mai 2015

The committee met at 1030 in room 151.

BUILDING ONTARIO UP ACT (BUDGET MEASURES), 2015

LOI DE 2015 POUR FAVORISER L'ESSOR DE L'ONTARIO (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 91, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 91, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Ms. Soo Wong): Good morning. I'm just going to do some housekeeping first. By order of the House, we're gathered here today to resume consideration of Bill 91, An Act to implement Budget measures and to enact and amend various Acts. As committee members are aware, witnesses will be granted five minutes for their presentation, followed by nine minutes of questioning from the committee, three minutes per caucus. Do we have any questions before we begin?

PROVINCIAL BUILDING AND CONSTRUCTION TRADES COUNCIL OF ONTARIO

The Chair (Ms. Soo Wong): Seeing none, let me call the first witness forward, the Provincial Building and Construction Trades Council of Ontario. I have Mr. Patrick Dillon.

Good morning, sir. You're Mr. Dillon?

Mr. Patrick Dillon: Yes, I am. Good morning.

The Chair (Ms. Soo Wong): The Clerk will be circulating your presentation. Can you identify yourself and your position with the trades council, as well as your colleague, for the purpose of Hansard? You may begin any time.

Mr. Patrick Dillon: Thank you. I'm Patrick Dillon, business manager of the Provincial Building and Construction Trades Council of Ontario. With me is Igor Delov, our executive assistant.

Our organization represents 13 affiliated international unions that represent 150,000 construction workers in the province of Ontario. I would like to thank the committee for inviting us here today to comment on Bill 91, the Building Ontario Up Act, 2015.

This year's budget announcement was especially noteworthy for the construction industry, as it contained substantial investments in infrastructure. In fact, the $2.6-billion increase to infrastructure funding, bringing the Moving Ontario Forward plan in total to $31.5 billion, will create thousands of jobs.

Doing nothing and allowing our infrastructure to crumble away is not an option. To help fund these investments, the government has decided to accept the recommendations of the Premier's Advisory Council on Government Assets, which include the partial privatization of Hydro One. We believe that the loss of provincial government revenue from the phased sale of Hydro One will be more than offset by the return on infrastructure investments, considering the fact that every dollar invested in infrastructure yields between $1.14 and $1.78 in multiplier effects. Moreover, the proposed privatization is not completely unconditional: 40% of the company will still be owned by the people of Ontario, and the government will have effective veto power in how the company is run. For these reasons, our council is of the view that the controlled privatization of Hydro One presents an opportunity for Ontario's pressing infrastructure needs to be met.

We know that transport gridlock affects all of us. In the greater Toronto and Hamilton area, it is estimated to cost about $11 billion in lost productivity every year. We know that according to the Federation of Canadian Municipalities, there is a $123-billion infrastructure deficit nationally, 40% of which is accounted for here in Ontario. In our council's pre-budget submissions to this committee, we estimated that a $1-billion investment boost in infrastructure would result in the creation of 16,700 new jobs; thus, the $2.6-billion figure may create as many as 43,000 new jobs over the next 10 years, which in our view would be a very positive development for Ontario's economy.

However, we call on the government to ensure that infrastructure dollars are invested with a view to demonstrably strengthening Ontario's workforce, including communities that disproportionately face poverty challenges and are underrepresented. This can be done through leveraging infrastructure investment funds to guide the behaviour of contractors when they develop their human resource plans for bidding on work. One such way is to update and expand Ontario's fair wage policy. Such a policy would require bidders on publicly procured construction work to pay their workers' wages in accordance with identifiable, best-documented prevailing wage rates in each of the particular trades in the different regions of the province. A fair wage policy should cover all entities: universities, schools, hospitals, roads and others—anyone in receipt of provincial dollars. Fundamentally, it's about fairness and equity. An updated and expanded fair wage policy would benefit unrepresented workers. This is not a union/non-union issue; wages paid to construction workers represented by a union are already paid as a result of their collective agreements, so the fair wage is really designed to help the unrepresented workers who have no voice. It also helps level the playing field among contractors by not allowing some of them to win contracts by simply underpaying their workers. A fair wage policy would lift people up and put more money in the pockets of workers who build and maintain the infrastructure we all depend on. It would also increase the profile of the construction trades as a career of first choice among at-risk youth, aboriginals, women and others.

Some critics may charge that a fair wage policy increases costs to the government. A comprehensive 2008 study done by Nooshin Mahalia from the Economic Policy Institute found that fair wage policies do not increase government contracting costs. In fact, they elevate worker skills, improve health and safety and enhance productivity.

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

Mr. Patrick Dillon: In conclusion, our council is supportive of the government's infrastructure pledges, and we hope that members of the Legislature will work together to help grow the construction industry and build our province in the best interests of Ontarians.

The Chair (Ms. Soo Wong): Thank you very much. This round of questions will begin with Mr. Tabuns.

Mr. Peter Tabuns: Pat, good to see you this morning.

Mr. Patrick Dillon: Good to see you.

Mr. Peter Tabuns: Pat, you said there would be a higher rate of return from infrastructure projects that were financed by selling off Hydro One. Can you cite the study and the rate of return that you expect to see?

Mr. Patrick Dillon: Yes, we've got that.

Mr. Igor Delov: That was in your package. I think it's the first notation from The Economic Impact of Ontario's Infrastructure Investment Program, by the Conference Board of Canada. I think it was also mentioned by the minister in his speech when he delivered the budget. I think his number was $1.80 as well.

Mr. Peter Tabuns: Do you know what rate of return we get on our Hydro One investment now?

Mr. Patrick Dillon: It comes out at approximately $800 million a year.

Mr. Peter Tabuns: No, the per cent. We get about 8.7%.

Mr. Patrick Dillon: It could be. Are you asking a question that you know the answer to?

Mr. Peter Tabuns: I always try to ask a question I know the answer to. And you know what we pay for bonds in Ontario?

Mr. Patrick Dillon: Yes.

Mr. Peter Tabuns: So we're giving away an investment that returns 8.7% when we can borrow money at 3%. Douglas Peters, a former chief economist for the Toronto-Dominion Bank, said that means we're giving away or abandoning revenue of 338 million bucks a year. In a decade, that would be about the $4 billion that we are going to get from this sale to put into infrastructure. Do you see that as a good deal?

Mr. Patrick Dillon: Well, I guess you have to look at what is a good deal in the circumstances that you live in. I think the government, the Premier's council, dealt with these very issues that you're talking about, and they compared, first off, what the costs would be to Ontario and to Ontarians to do nothing with infrastructure. It's something that—

Mr. Peter Tabuns: No one would suggest that.

Mr. Patrick Dillon: No, and I realize that. No one would suggest that.

What we do need, though, is that if we have some alternative plan other than what the Premier's council has recommended and the government is recommending, you have to put that on the table. We don't know what that is. There were some plans talked about in the last provincial election that were refused by the electorate. Maybe they will change in time and that would be acceptable, but at this point in time, this is the best option that we see.

Mr. Peter Tabuns: And do you—

The Chair (Ms. Soo Wong): Okay, Mr. Dillon. I'm sorry, Peter. The three minutes are up. We're going to go, this round, to Ms. Albanese.

Mrs. Laura Albanese: Thank you for appearing before us this morning and for your presentation. I would like you to speak a little more about how investing in our province's infrastructure spurs job creation and also on the larger economic benefits that these investments will have on our economy.

Mr. Patrick Dillon: First off, in our presentation that we did to the committee in January—and it's in this report—it talked about, for every billion dollars—and these aren't figures that I've made up; these are figures that have been put together by economists. For every billion-dollar investment in infrastructure in Ontario, it creates approximately 16,700 jobs. Now, that may sound—and maybe most people around the table would think that's us really showing some bias for the construction industry, which we get paid for, by the way, but the 16,000-jobs breakdown—construction actually is fifth in the list of who benefits the most in those jobs. The jobs are spread across the economy.

1040

These figures—that's a billion dollars. If this is $2.6 billion or whatever, then we're looking at 43,000 to 45,000 jobs—high-paying jobs. Not high enough, by the way; I'd like to see that higher. We'll talk about that next spring at bargaining. But these are high-paying jobs that help build the economy in the province of Ontario.

Mrs. Laura Albanese: A recent Forum poll found that about 77% of Ontarians endorse our infrastructure plan. Why do you think it's so well received?

Mr. Patrick Dillon: Well, I don't really like commenting on polls a lot because, from time to time, I see polls that don't position us in the unions all that well, or the leadership.

I think people have come to realize that investment in infrastructure is in their best interests. If you can connect with the people, that this is what you're doing, you're building hospitals, you're building schools—we don't see people complaining anymore about the class sizes being too large. Where did that argument go, or where did the argument go of wait times at hospitals—

The Chair (Ms. Soo Wong): Mr. Dillon, I'm going to stop you there. I'm going to have to go to Mr. McNaughton.

Mr. Monte McNaughton: Thank you, Patrick and Igor, for presenting today and for being such a strong voice on behalf of the 400,000 people who work in Ontario's construction industry.

I wanted to ask the first question about the fair wage policy that you've been advocating for. When was the last time Ontario updated its fair wage policy?

Mr. Patrick Dillon: Nineteen ninety-five.

Mr. Monte McNaughton: Why do you think it hasn't been updated?

Mr. Patrick Dillon: Well, there was a number of years that—as a matter of fact, your party in 1998 pretty well undermined the fair wage policy.

Mr. Monte McNaughton: What about the last decade?

Mr. Patrick Dillon: In the last decade, we have never really pushed it. There have been other priorities for the building trades, but we think that at this time, when the government is spending more and more money on infrastructure, you should go back to the 1935 arguments of why the fair wage was brought in in the province of Ontario. As a matter of fact, it was brought in by the Hepburn government, and your party was quite critical of them, that it wasn't strong enough.

We think that now is the time that this needs to be updated. As we say in our brief, it's not about increasing the wage of the unionized construction industry; it happens to be our brothers and sisters out there who haven't formally become brothers and sisters yet.

Mr. Monte McNaughton: Secondly, I wanted to ask you—it was not part of Bill 91, and I thought maybe you would have mentioned it today, and that is prompt payment legislation. I just wondered what your opinion is on where the government's at with that.

Mr. Patrick Dillon: Well, we're strong supporters of the prompt payment, but we're also just as strong supporters of the lien act. Those two things have to be talked about almost in the same sentence because there are issues in the lien act that need to be protected if we're going to the prompt payment. We support the prompt payment, but it needs to include the ingredients from the lien act—

Mr. Monte McNaughton: Great.

Mr. Patrick Dillon: —that puts workers first on the scale when somebody is having bill problems or payment problems. Workers' wages and benefits come first.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Dillon. And thank you, Igor, for being here.

ENTERTAINMENT ONE

The Chair (Ms. Soo Wong): Next presenter: Entertainment One; Vanessa Steinmetz. Good morning.

I think the Clerk is coming around with the presentation.

Good morning, ladies.

Ms. Vanessa Steinmetz: Good morning.

The Chair (Ms. Soo Wong): As you heard, you have five minutes for your presentation, followed by three minutes of questions per caucus. This round of questions will be coming from the government side.

Can you please identify yourself for the purposes of Hansard? Thank you.

Ms. Vanessa Steinmetz: Good morning, Madam Chair and members of the committee. My name is Vanessa Steinmetz and I'm the vice-president of production financing of Entertainment One Television. EOne is a global entertainment company headquartered here in Toronto.

Today, I will speak to matters relating to the immediate rate reduction of the Ontario Production Services Tax Credit. Accompanying me is Kathy Avrich-Johnson, representing Ilana C. Frank Films. Kathy will speak to the consequences relating to the retroactivity in the OPSTC language clarification triggered by the appeal made by Rookie Blue Two Productions in Ontario Superior Court.

Thank you for hearing from us today.

I will take this opportunity to express our appreciation to the government for your support of the Ontario Film and Television Tax Credit within the Ontario budget tabled April 23. However, the reason for my appearance here today is to address the OPSTC.

While it is always the prerogative of the province to change its policies and amend its legislation, we believe those decisions should be made in a way that does not negatively impact current business in the province.

In this case, the proposed change would result in a financial loss to EOne estimated to be over $500,000.

The OPSTC is not only accessed by foreign producers. Ontario-based producers, including eOne, access the tax credit as well. We make very considered business decisions about where to shoot our productions from both a creative and financial perspective.

Once a location for production and post-production is chosen, the financing is locked and pre-production commences, it is all but impossible for a production to move to another location.

EOne has three productions directly impacted by the OPSTC implementation date, one of them significantly.

Rogue season 3 was a BC-based production in prior seasons. This season, the decision was made to move the production to Ontario on the basis of the OPSTC tax credit benefit. Rogue is a $50-million production that began shooting in January and finishes post-production in November. It has brought no less than 1,200 jobs to Ontarians: 200 full-time cast and crew; 1,000 daily positions. The proposed immediate reduction to the OPSTC, effective April 23, means that eOne will lose an estimated $500,000 on a production that's currently shooting.

EOne has a track record of investing in and producing long-running, successful Canadian series here in Ontario. We are very concerned about the long-lasting impact this will have on the industry. Once a jurisdiction is deemed unreliable, the trust is lost and producers, studios and other financial investors will seek more certain opportunities elsewhere. Banks will no longer have the assurance they require to advance against the tax credit refund.

We therefore respectfully request that the province address the effective date of the reduced OPSTC tax credit so that productions that were committed to the province prior to April 23 are grandfathered under the rate which was in existence at the time commitments from all parties were made.

The province made an offer at the 25% rate and we accepted the terms of that contract. The proposed budget reneges on those terms after the money has been spent.

Ontario has spent years building a world-class reliable film and television industry and it would be a shame to see that reputation tarnished for years to come.

I'll turn it over to Kathy.

Ms. Kathy Avrich–Johnson: Hi. My name is Kathy Avrich-Johnson. I'm representing the production companies that produce some of the most popular all-Canadian—and, please note, all-Ontario-based, -developed and -shot—television series: Rookie Blue; Saving Hope; and Being Erica.

In earlier seasons, we agreed to use the OPSTC as part of our financing, but at the time of audit by the Canada Revenue Agency it became clear there was a lack of clarity in the OPSTC language, which stated that eligible costs were those "from final script stage." We, the producer, said it meant "during" or "including," and the Canada Revenue Agency, which administers the OPSTC on behalf of Ontario's Ministry of Finance, interpreted the word "from" as meaning "after." This difference determines whether eligible costs include writing and other script-related costs. Only Ontario domestic productions are affected by the distinction; foreign productions are not using Ontario writers.

1050

To get clarification, we launched an appeal more than two years ago—incurred extensive legal expenses—to determine the definition of the word "from" that resulted this March in our interpretation prevailing in Ontario Superior Court. Very shortly afterward, the budget bill proposed to change the word "from" to "after" in the OPSTC legislation. Fine, we'll agree to that going forward, but this bill provision is retroactive to the date of the original legislation in 2009.

Perhaps what you might be unaware of is that Rookie Blue season 2, the series, was—with the agreement of the Canada Revenue Agency and, by extension, the Ministry of Finance—going to be the test case for three other shows whose appeals in this matter were being held in abeyance while we got this clarification. While we appreciate that Rookie Blue season 2 as the named party to the successful decision was carved out, or grandfathered, the other three cases being held in abeyance, and in the process of settling their terms, are being effectively and unfairly targeted by the retroactivity.

There is no floodgate of claims which would result from an allowance or carving out of these specific shows. There are only Ontario-operated, -owned and -produced productions. We have proposed in our written submissions some simple changes to the retroactivity provision that would rectify this unfairness. Thank you. We would be happy to take any questions.

The Chair (Ms. Soo Wong): Okay, we need to wrap this up because time is short. Mr. Milczyn?

Mr. Peter Z. Milczyn: Thank you for your presentation this morning. We really appreciate what an important part of our cultural landscape in Ontario your industry is, employing so many very talented people telling Canadian stories, as well as—sometimes I'm sure you insist on telling other people's stories, too.

What I wanted to ask you about is the structure of the tax credits going forward. My understanding is that these will still be among the highest, most competitive tax credit rates in North America that will still allow Ontario to be a very competitive location for attracting foreign productions but will continue to allow you to do domestic productions in Ontario.

I understand the issue of grandfathering. I have another question about that, but just on the tax credits, going forward, your comments on how effective they will continue to be.

Ms. Vanessa Steinmetz: I think that, in our opinion, there will be business lost. It is a competitive tax credit rate to a certain extent, at 21.5%, but there are other jurisdictions in North America that have higher rates: Louisiana and Georgia, for example, in the United States. BC has a competitive advantage. Their rate may be lower, and against labour only and not an all-spend, but they also have a competitive advantage in terms of geographical location—no winter—and access to LA-based talent. There are a number of factors to be considered in all of that. I think that what we're hearing is that there will be less business in Ontario.

The Chair (Ms. Soo Wong): Sorry, Vanessa, we have to go to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, Vanessa and Kathy. It is something that we've heard at this committee. There was a presenter yesterday raising the same concerns. I know FilmOntario is going to be here later today, I'm assuming, to raise those same concerns. I, personally, think this sends a bad signal, really, throughout the world that Ontario is doing this in such an abrupt way.

I just wondered, from your experience: What was the consultative process like with the government on this?

Ms. Vanessa Steinmetz: We weren't consulted on either issue.

Mr. Monte McNaughton: To me—

Ms. Kathy Avrich-Johnson: We were—

Mr. Monte McNaughton: Sorry; go ahead, Kathy.

Ms. Kathy Avrich-Johnson: I was just going to say, to the narrower issue of our decision, we were, of course, in the midst of finalizing our settlement negotiations, so it was a real shock to find out that—

Mr. Monte McNaughton: Your ask is pretty simple: just to grandfather the existing tax credits until these productions are done. Correct?

Ms. Vanessa Steinmetz: Yes.

Ms. Kathy Avrich-Johnson: For those and in the other narrower wording, yes, to grandfather the ones that are already on appeal.

Mr. Monte McNaughton: What signal do you think this sends, that the government would act in this fashion?

Ms. Vanessa Steinmetz: I think the signal is, how do we go back to our banks that have financed this tax credit—for example, on Rogue—and say to them, "You advanced money against this tax credit and now that money is no longer going to be showing up in the same amount as we said it would"? I think, in terms of just a sheer break in a contract, that's the perception. On a larger scale, in my 20 years in this business I've never seen that happen in a jurisdiction and I think that it's just an added reason for people not to consider Ontario when they could consider somewhere else. We really don't want that to happen.

Mr. Monte McNaughton: Great. Thank you.

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

Mr. Peter Tabuns: I'd like to thank you as well for coming in this morning because I represent a riding that has an awful lot of people who work in the industry and that has major studios.

We've seen big problems in the past—SARS—that took Toronto and Ontario years to recover from. What sort of impact do you think this retroactive cancelling of funding is going to have on our industry for the next few years?

Ms. Vanessa Steinmetz: I can't really speak to numbers in that sense; maybe FilmOntario will have a better sense of the scope of the business in the province. We already have a show that could have been in Ontario that is going to be done in BC. I just think you'll see more of that. And I just think that going back to whether it's studios or domestic companies and trying to explain to investors, the thing is that people will think that this could happen again. And what's to stop it from happening again? It's just very hard to explain that to people who want to invest in this province.

Mr. Peter Tabuns: I imagine it is. You mentioned earlier that you've been in the business for a few decades and you've never seen—sorry; you started as teenagers.

Ms. Vanessa Steinmetz: I did.

Mr. Peter Tabuns: I understand. You've never seen another jurisdiction apply this kind of change retroactively before.

Ms. Vanessa Steinmetz: Right. It's the prerogative of the government to change the rate of the tax credit, should that be what needs to happen, for whatever reason. It really is the "effective immediately." Like I said, for our one production—and I'm sure there are others—we began shooting in January, so it's a done deal. Those things are all set in advance. That's $500,000 that just comes out of anyone's pocket.

Mr. Peter Tabuns: Right. Have you talked to bankers about this at this point and can you tell us what their response is?

Ms. Vanessa Steinmetz: We've seen some response in language in some term sheets that is saying that if there's a change in the budget, then the producer will be responsible for that money immediately, within 30 days.

Mr. Peter Tabuns: That's quite a burden.

Ms. Vanessa Steinmetz: Yes. And I've never seen that before either, so I just think that that shift and change in the trust in the system is what we're going to see.

Mr. Peter Tabuns: So, in fact, financing these projects is now being seen as more speculative and less certain because you can't predict whether or not the government is going to retroactively cut an agreed funding framework.

Ms. Vanessa Steinmetz: I'm very optimistic that that's not going to happen.

Mr. Peter Tabuns: I'm also hopeful that the light will be seen, but each day that goes by, I would imagine this causes greater difficulty for the industry.

Ms. Vanessa Steinmetz: It's causing immense difficulty, yes. As producers of domestic productions, Rookie Blue and Saving Hope, those two productions alone have invested $300 million in Ontario over the last five years. It's 74 episodes of Rookie Blue that we've done and 72 of Saving Hope. Those are long-running series. They've employed people for six years. We'd like to see that continue.

Mr. Peter Tabuns: Okay. Thank you very much.

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

ONTARIO WASTE MANAGEMENT ASSOCIATION

The Chair (Ms. Soo Wong): All right. The next presenter is the Ontario Waste Management Association: Peter Hargreave. I think the Clerk has a package here for us.

1100

Good morning. As you heard earlier, sir, you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questions will begin with the opposition party. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Peter Hargreave: My name is Peter Hargreave. I'm director of policy and strategy for the Ontario Waste

Management Association. I really appreciate the opportunity to provide a submission today.

As a brief introduction, the Ontario Waste Management Association is the voice of the waste management sector in Ontario. We represent over 275 members across the province, including private sector companies, public sector municipalities and organizations involved in the waste management sector. Together, our members manage over 85% of the province's waste.

The sector directly contributes over $3 billion in revenue, over $300 million in capital expenditures and over 14,000 direct jobs into Ontario's economy. The average salary paid to those employed in the waste management sector is 22% above the provincial average.

I'd like to begin with what is missing from Ontario's approach to build up the province for a strong and prosperous future, and that is, how to achieve sustainable growth in a resource-efficient and environmentally sound way. The key to doing this is to make Ontario's economy more circular so that waste is reduced and made safe and what remains is reused and recycled to maintain, rebuild and regenerate capital in the province, whether that be natural, social or economic.

Ontario's current "take, make and dispose" linear economy approach results in massive waste. We generate over 12 million tonnes of waste annually, with over three quarters of it being disposed of. This is neither sustainable, given our finite supply of resources, nor is it in our economic interests.

As a recent Conference Board of Canada report identified, by moving to a more circular economy where Ontario increasingly reuses and recycles the resources it already has, it could support close to 13,000 new jobs in the province. The jobs calculation, which we deem to be conservative, would also be accompanied by a boost to Ontario's GDP of $1.5 billion.

Our ReThink Waste 2015 report released in March provides practical actions to move our economy towards a circular economic approach to improve resource efficiency, reduce our environmental footprint, increase productivity and drive local jobs and economic growth. The ideas within it are being employed around the world, as jurisdictions increasingly understand how important the move to a circular economy is to future prosperity.

It's important, as underlined by the drive by the European Commission and their plan to release a circular economy package later this year. They understand that the loss of all these materials impacts growth and competitiveness.

Without getting into each specific recommendation, the goals are to:

—drive waste avoidance and diversion by reflecting full costs of disposal options;

—incent value-based markets through tax exemptions, mandatory procurement requirements, energy rates, environmental standards and/or mandatory requirements;

—foster fair, open and competitive markets to drive innovation and enterprise;

—require direct accountability for driving environmental outcomes; and

—provide proper oversight and enforcement.

A first step is to reintroduce legislation to address the ongoing issues with Ontario's current producer responsibility programs and set a coordinated government effort to ensure greater waste reduction and reutilization.

By moving waste materials to resources, it is important to also ensure their management does not pose any potential for liabilities, like we have seen with the management of excess soil in the province.

Rigorous environmental standards with proper oversight are absolutely necessary. This is why the OWMA has been supportive of the Drummond report and its recommendation around the use of different forms of service delivery like delegated administrative authorities to help improve regulatory outcomes and strengthen enforcement.

Numerous Auditor General reports and Environmental Commissioner reports have pointed to deficiencies in the proper oversight of the waste management sector. Waste Diversion Ontario and the hazardous waste information network are a couple of examples of non-functioning systems that could be moved to an alternative delivery system. We would strongly recommend the committee revisit the DAA provisions in the 2012 budget bill and to make those effective as they were originally drafted.

Finally, the 2013 budget included a review of assessment methodologies applied to special-purpose business properties, including landfills.

The OWMA was supportive—

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

Mr. Peter Hargreave: —of this review and fully agrees change is necessary.

The sector has expended large amounts of money and resources in developing a solution. We think we've accomplished that and have gained the support of the Ontario Chamber of Commerce, private sector companies, the Regional Public Works Commissioners of Ontario, and Jack Carr—

The Chair (Ms. Soo Wong): Okay. I'm going to stop you here.

Mr. McNaughton, can you begin the questioning?

Mr. Monte McNaughton: Great. Well, thank you very much, Peter, for your presentation today.

I think you were moving in that direction, but I just wondered if you could update the committee on where the current government is on achieving your association's goals.

Mr. Peter Hargreave: Specifically on, again, I guess, this move to more of a circular economy, we understand that the ministry has been moving forward with consultations on a new Bill 91—not this Bill 91, but the previous Legislature's Bill 91.

Mr. Monte McNaughton: Yes.

Mr. Peter Hargreave: We think they are striking a reasonable balance in dealing with some of the concerns that were brought forward by all stakeholders. We're positive, I think, about the direction, but cautious without seeing necessarily all the details on the table.

Mr. Monte McNaughton: Yes. In the last Parliament, the government was, I guess, gung-ho to push through Bill 91, and then we saw that they started dragging their feet. I was curious where they were on that, because here we are almost a year into the new Parliament and we haven't seen legislation brought forward.

I wondered if you could just touch on, for the committee's interest, where those 13,000 jobs would be created.

Mr. Peter Hargreave: The 13,000 new jobs would be created largely in the collection and processing of those materials, and then obviously the remanufacture of products within Ontario.

Mr. Monte McNaughton: A final question: Have you been reaching out to retailers in Ontario, specifically the Retail Council of Canada and the Retail Council of Ontario, to get their opinion? I know that back in 2010, speaking from a retailer standpoint, we were quite shocked when the eco tax came in and really upset customers in Ontario. So I'm curious if your association has been reaching out to retailers.

Mr. Peter Hargreave: There has certainly been a lot of conversation on this in the last while. I think there's a lot of consistency in the positions that are coming out. The current system is not sustainable and not working well, and so there's a need for the government to bring forward new legislation. The Waste Diversion Act simply does not work.

The Chair (Ms. Soo Wong): Okay. I'm turning to Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Peter, good to see you this morning.

Mr. Peter Hargreave: Thank you. Nice to see you.

Mr. Peter Tabuns: Getting into your presentation here, you see goals coming out of a new approach to waste management that would drive waste avoidance and diversion. What percentage of waste avoidance and diversion could we, commercially, reasonably expect to achieve here in Ontario?

Mr. Peter Hargreave: When the Conference Board of Canada looked at the diversion side, they looked at 60% as being reasonable. I've heard it was a goal set forward by the government back in 2003, if I'm not mistaken.

Mr. Peter Tabuns: Yes, 2003, 2004, around there.

Mr. Peter Hargreave: They saw it as a reasonable position.

We didn't specifically look at avoidance, but if you look at the amount of waste that we're creating and compare it to other jurisdictions, we're certainly creating too much waste right now. So in any system, whether it's a business system or whether it's an environmental system, you're always going to have the creation of waste that happens naturally. The issue is, how do you change that waste into a rich feedstock that feeds other parts of the system, economic or natural?

Mr. Peter Tabuns: That was your next point: "incent value-based markets." Can you flesh that out a bit?

Mr. Peter Hargreave: Yes. Often we talk about things like we need to impose a disposal ban to increase the amount of organics that are being diverted, as an example. It's great to do that, but if you don't have the markets for compost or other organic amendments, then you're creating other problems. One of the areas I think the government hasn't spent a lot of time on is looking at government procurement and how they can lead the way to helping to promote some of these markets. Procurements often focus too much on the short term: What is the short-term cost saving rather than the longer-term cost analysis, which would involve some of the economic side as well?

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Mr. Peter Tabuns: Which jurisdictions out there, either in North America or globally, are most successfully driving forward those kinds of policies?

Mr. Peter Hargreave: I think generally if you look at Europe, they're far ahead of us when it comes to driving change. I think what you're seeing here in Ontario is that at one point we were ahead, and now you're seeing many other jurisdictions, even within Canada and the US, surpassing where we are.

Mr. Peter Tabuns: And those other jurisdictions you've cited, are they getting in the range of 50% to 60% diversion or waste avoidance?

Mr. Peter Hargreave: Certainly in Europe you're seeing some of that. The difficulty in all of this, to be honest, Peter, is that everybody measures a little bit differently around what's happening and what's considered diversion. There's a lot of work under way by ourselves and certainly other organizations to try to provide a bit more of a consistent metric around how you measure that.

The Chair (Ms. Soo Wong): Mr. Hargreave, I'm going to stop you there. I'm going to go to Mr. Baker.

Mr. Yvan Baker: Thanks very much, Chair. Thanks very much for coming in today and sharing your thoughts with us. You spoke about a number of themes that are important: the issue of sustainability, the elimination of waste, protecting the environment, productivity and growing our economy—all important themes. Thank you for that.

The government has taken a number of steps that touch on these in various ways. Obviously, I'm not going to talk about them all, but anything from the cap-and-trade program; the Ontario Community Infrastructure Fund that will provide $100 million per year to help small, rural and northern communities build and repair critical infrastructure; and enhancing the Ontario Municipal Partnership Fund.

The Minister of the Environment and Climate Change just signalled that he plans to introduce new waste legislation. My question to you is: Are you supportive of that, and what would you like to see in it?

Mr. Peter Hargreave: Absolutely. We were very supportive of the bill that the government brought forward in the last Legislature, even though it had some major issues with it. We were very supportive of moving the legislation forward. Again, what we've seen in broad brush strokes to date, I think we're very supportive of. Listen: Companies are desperate for change in this area. The current system has wreaked havoc on private sector companies, it has wreaked havoc on retailers and other stewards, and it has wreaked havoc with the municipalities in ensuring that they're properly funded.

So certainly I think there are some good signs. We've been supportive of a lot of the other efforts that the government is moving forward with, including cap-and-trade, but this is a file that governments of all stripes have really dropped the ball on. There's a need to finally move forward some change that's going to start to change this marketplace.

Mr. Yvan Baker: Okay, thank you. Could you elaborate a little bit more about the circular economy? I know it's the focus of the report that you provided us with, but specifically, how would this help increase efficiency and help Ontario businesses?

Mr. Peter Hargreave: Certainly, I guess I would consider it almost a market failure right now. We've got a system in place that, in a sense, encourages a company to waste materials and for those materials then to be sent directly to disposal.

The concept of a circular economy is trying to create flows so that materials are continually reused within the economy over and over again. It helps to stabilize issues around resource security. There are certain resource crunches that fluctuate prices for materials. One of the goals is to level that out and regenerate that capital within the economy.

The Chair (Ms. Soo Wong): Mr. Hargreave, I'm going to say thank you for your presentation and thank you for being here.

IATSE LOCAL 873

The Chair (Ms. Soo Wong): Our next presenter is IATSE Local 873. I think it's Mr. Monty Montgomerie, along with colleagues. Good morning; welcome.

Mr. Monty Montgomerie: Good morning. Thank you for having us and hearing us today.

The Chair (Ms. Soo Wong): As you've probably heard, you have five minutes for your presentation, followed by three minutes of questions from each caucus. This round, the questions will begin with Mr. Tabuns. You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

Mr. Monty Montgomerie: Thank you. My name is Monty Montgomerie. I'm the business agent for IATSE Local 873 in Toronto. This is our president, Wayne Goodchild.

We represent nearly 3,000 film and television workers, representing 14 different trade departments in the film and television industry, from hair and makeup to special effects, wardrobe, transportation, lighting and so on and so forth.

We're here today because Wayne and I, and our members, are deeply concerned about the cuts to the film and television tax credits that are proposed in the 2015 budget. We know that these cuts will make us less competitive in a very competitive global market for film and television. We know that there will be significant job losses with our failure to compete at the level that we've been competing at over the last number of years with our current tax credits. We know that we'll see major employers no longer budget Ontario due to the immediate implementation of these cuts. This would make Ontario the only jurisdiction in the world that we're aware of that has made cuts to film and television tax credits and implemented them immediately. The norm in the business is to allow lead time for individuals who have made commitments to work under those current tax credits to be able to be grandfathered, going forward.

We're also concerned about our brand and our reputation in Ontario as a stable partner in production for foreign and domestic producers. I have spent a lot of time over the years going to LA, and we tout the fact that we are the most stable place to make a film and television production. We have stable tax credits, we have a supportive government—which the Liberal government has been over the last 10 years for our industry, and that is a major reason why producers come to Ontario to make their movies.

Now, I just want to put a few things into perspective. Our members have enjoyed great success since 2011. Our members have earned over $520 million in gross wages alone. That's just our one union. We've enjoyed nearly 1.2 million days of work for our members during that period. That's an average daily wage of just over $450. Those are good-paying jobs, high-tax-paying jobs. These are career jobs and these are jobs where we see all of our employers pay into retirement and health plans. So these are jobs worth protecting. These are the jobs that we feel are in jeopardy, and we think that you should support further growth in this area.

We have concerns, because it doesn't take a mass exodus of a great number of our producers and our partners in production to have significant impacts. For instance, Guillermo del Toro, one of the top directors in the world, has been one of our best employers over the last three or four years. He did a show called Pacific Rim, he has a series called The Strain and he has done another feature called Crimson Peak. All of these projects totalled almost $62 million in gross wages for our members. That's just one individual who has made a commitment to shooting in Toronto, based on our tax credits. He has moved his family here. These are the types of relationships that are necessary in the film business to have these people come back again and again. That's over 130,000 man-days of work. That's just one employer, one employer that feels—

The Chair (Ms. Soo Wong): Mr. Montgomerie, can you wrap up so that there will be questions for you?

Mr. Monty Montgomerie: Okay, yes.

Further investments with our union: We're investing in training. We're investing in youth employment. We've grown 576 new members since 2011, of which 185 are

30 or younger. That's one third of our new members. Of that 185, 81 of them are under the age of 25, so we're a great industry in youth employment as well, and I think you should support—

The Chair (Ms. Soo Wong): Mr. Montgomerie, I'm going to stop you here. I'm going to turn to Mr. Tabuns to ask you the first set of questions.

Mr. Peter Tabuns: Wayne, Monty, thanks very much for coming this morning. You have 3,000 members who are currently working in the industry?

Mr. Monty Montgomerie: We have 2,477 members, and we regularly employ between 400 and 500 permittee non-members on any given day.

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Mr. Peter Tabuns: Okay. So there are 3,000 people associated with your bargaining unit.

Mr. Monty Montgomerie: Correct.

Mr. Peter Tabuns: What sort of losses do you expect if there is not a reversal of this grandfathering, if there isn't a reconsideration of these cuts to the funding we've put into film?

Mr. Monty Montgomerie: I think, conservatively, we could say 10%. That's kind of what the industry has estimated. That being said, it's very hard to establish what the losses could be.

Like I mentioned, if Mr. del Toro and Legendary Pictures or Universal or whoever he's working with decide when they budget these shows that these tax credits and the margins—I know that it took a great effort for him to bring Pacific Rim 2 to shoot here in Toronto. We were up against Atlanta and New Orleans and other places with some significant tax credits. We actually, from what I've been told, did not win out on the money side of things, and it was that relationship that we have with him that brought the show here. If we lose that type of employer, we're talking about, for my members, easily 10% in a year. We averaged $123 million in gross wages over the last four years or so; and the numbers indicate that he was responsible, over that three-year period, for nearly $62 million of that. It's hard to tell, but one or two significant employers and we could be looking at a 20% to 25% drop in our employment for our members, because we rely heavily on those employers.

Mr. Peter Tabuns: You talked about the hit that Ontario's reputation is going to take. For the last few years we've had a reputation as being a stable place where you could come, where commitments would be honoured. Have you ever seen a jurisdiction that would cut its funding to production in mid-production?

Mr. Monty Montgomerie: I can tell you that we've looked into it and we've seen no evidence that suggests that this is something other jurisdictions have done, primarily because people do their budgeting well in advance. They make commitments to shoot places well in advance and they budget against other places—we win, we lose—and they make a commitment to come here. That's—

The Chair (Ms. Soo Wong): Mr. Montgomerie, I'm going to stop you here. I'm going to turn to Mrs. Albanese.

Mrs. Laura Albanese: Thank you, Madam Chair.

Thank you for your presentation this morning. I want to start by saying that I believe that domestic content and local production is one of our key strengths here in our province. I know that your members work in all forms of live theatre, motion pictures and television shows. I have some friends who work in the industry, so I know how hard they do work. We really appreciate this sector growing here in our province.

I was glad when our government protected the Ontario film and TV credit, because I know that's very important to the industry. I know that there have been some changes at the federal level but I was glad to see that we decided not to go that same route.

I do understand your concerns that you're bringing forward about the transitional rules, the grandfathering. I wanted to ask you more about how Ontario's rates compare to the other jurisdictions, because from what we hear, even by going to 21.5% we would still be ahead of other jurisdictions. Yet we're hearing that that would be a challenge and that, as you said, business would go elsewhere. If you could elaborate on that, I would appreciate it.

Mr. Monty Montgomerie: Depending on the nature of the project, we compete very well against—we're kind of the middle of the pack when it comes to tax credits in North America. We have other jurisdictions that we lose out to on a regular basis because they may have actors and certain types of labour and above-the-line workers that they get tax credits on where we do not do similar things here. Sometimes we lose out by the slimmest of margins and sometimes we win out by the slimmest of margins. Any cut to our credits just puts us that much more in the negative when they're doing these comparisons. We lose a lot of big-budget features to Atlanta and New Orleans because they have a lot of talent and a lot of stars where they get this tax credit, which we don't do here. I'm not arguing that we should; I'm just saying that the cuts themselves are significant enough to make a difference.

The Chair (Ms. Soo Wong): Mr. Montgomerie, I'm going to stop you there. I'm sorry.

Mr. McNaughton?

Mr. Monte McNaughton: Great. Thank you, Monty and Wayne, for presenting today. We've heard from a number of people within the film industry so far. I know FilmOntario is coming, and there are others in the time ahead.

I wanted to ask: You mentioned Ontario's brand and reputation taking a major hit. I wonder if you could expand on that and what kind of signal this sends throughout the world that Ontario is changing its tax credit policy mid-course.

Mr. Wayne Goodchild: I can speak on that. I've been representing IATSE for almost 42 years in one capacity or another, mostly as president for many years. I can tell you that Ontario pioneered the tax credit system many years ago. We were one of the first jurisdictions to actually introduce this type of credit. It was emulated throughout the rest of North America over time.

I can tell you that I've been on promotional trips 20 years ago to Los Angeles, several times. The one thing that the producers that we deal with consider was the stability of the Ontario credit and the fact that they could always rely on that, and that there would not ever be any abrupt changes like there are sometimes in other jurisdictions. You've got to understand that these producers budget two years in advance of where they are going to send this huge project. To commit to a project to come to your city—without the understanding that they pretty well expect the fact that nothing will change during the life of that show—and the commitment comes to your city, and then they make a decision as to where they are going to shoot that film: That's something that, in Ontario, has been the hallmark of the Ontario tax credit program. For all the years that I've been involved in this industry, it's something we always promote. It's something we mention every time we've gone to Los Angeles to meet with the major motion picture producers and it's something that they know and say to us, "Yes, we know. That's what we love about Ontario."

I think this has been the first time in my history where something like this has occurred suddenly like that. Not only is the tax credit reduction itself a concern, but the fact that there was no notice given at all: That's something that Ontario has never done.

Frankly, it'll be hard to go down, in the future, and say to motion picture producers, "You can still rely on Ontario. Don't worry; it will always be there in some form." It would be very difficult to go ahead and say that from now on.

Mr. Monte McNaughton: Great. One other question, and I am sure FilmOntario will have this information if you don't, but can you talk a bit in terms of the overall contribution to the Ontario government, in terms of revenue, from this sector?

Mr. Monty Montgomerie: I think FilmOntario is best poised to answer that question, but I am aware that there have been studies that suggest that with the revenue and taxes, this is a revenue-positive business to the tune of about $83 million last year. That's the number that I am aware of. These are high-paying jobs; these are high-tax-yielding jobs.

We're a very unique industry, unlike any other. I run into that every day in every facet, whether it's labour relations or you name it. I truly believe, as does our industry, that we give back more than we ask for.

Mr. Monte McNaughton: For sure.

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

CINESPACE FILM STUDIOS

The Chair (Ms. Soo Wong): The next presenter is Cinespace Film Studios. I believe we have Jim Mirkopoulos. Mr. Mirkopoulos, do you have a presentation?

Mr. Jim Mirkopoulos: Yes, I do.

The Chair (Ms. Soo Wong): Maybe the Clerk can help you with your handouts.

You probably heard that you have five minutes for your presentation, followed by three minutes of questioning from each party. This round of questions will begin on the government side. You may start any time. When you begin, can you please identify yourself for the purpose of Hansard? Thank you.

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Mr. Jim Mirkopoulos: I'll just wait till everybody has the slide deck.

Thank you for the opportunity to speak to you today. My name is Jim Mirkopoulos; I'm vice-president of Cinespace Film Studios. I'll let you go through the slides organically, as you feel necessary. Sorry about the mix-up with the AV.

We own and operate three studio locations across the city of Toronto, totalling over one million square feet of space on over 42 acres of land. These facilities hosted almost 30% of Ontario's $1.29 billion in activity last year. Under the Cinespace banner, we also operate a large studio facility in Chicago, over one million square feet of studio space on over 50 acres of land. Currently, our Toronto facilities are hosting eight television or episodic projects and two feature films. Our Chicago facilities are hosting four of the most-watched prime-time TV series in the United States but no feature films. This recent trend towards TV series and episodic volumes is very important, and I want to touch on that again later.

By far the most exciting development for us in recent years is our Kipling studio campus, which has some calling south Etobicoke the Burbank of Ontario. With our mixed offering of functional stages, critical support space, multiple interior locations and acres of backlot, our Kipling studio will host seven concurrent projects in 2015, making it the busiest studio campus outside of the Los Angeles majors, with well over 2,000 well-paying jobs domiciled there.

At this point, we should be at around slide 5. If you glance quickly at the slides in the deck, you'll see that our Kipling studio campus has offered film producers coming to Ontario the ability to transform our large controlled backlot areas into everything from Moscow streets to Roman gladiator arenas. In terms of TV series, our large Titan backlot has played Kandahar air force base for the Canadian series Combat Hospital and currently is home to impressive medieval castle sets for the recently renewed TV series Reign. The massive scale of our Kipling campus has allowed our special effects stage to be utilized as a Pompeii street during the climactic moments of its destruction, and our large interior spaces are continually used, repurposed and reused as interesting and hard-to-find locations by both film and TV producers alike. The key result of our long history of service combined with our large multi-use campus has been the highest level of repeat business in Canada. Quite simply, the more money our clients save, the more money they put back on the screen and the higher their rate of renewal. This is a win-win for both producers and for the province of Ontario.

As indicated earlier, we've been around for 28 years, and in 2014, we hosted almost 30% of all Ontario's film and TV activity. But we could not have achieved this level of success and longevity without attracting the US service business and international co-productions to Ontario. We have managed this growth in business volume with clients that have responded very positively to Ontario's talented crew base, our province's deep acting pool and, most importantly, the perception of Ontario by our Hollywood and international clientele as a stable, predictable tax jurisdiction in which to produce film and TV. I'd like to thank the government for its long-standing support of our industry, without which we simply wouldn't be here.

However, by suddenly reducing the film and tax credit in the recent budget, especially with an adverse impact on film and TV productions already under way, Ontario has effectively reversed this very important perception in the minds of our clientele. Up until recently, the tax credit has been envied and replicated globally as a tried and true model for attracting film and TV activity. However, the 3.5% reduction, along with its surprise immediate implementation, leaves our clients wondering if perhaps the provincial government will take another bite of the apple in next year's budget and that perhaps the provincial government is rethinking its long-standing support of our industry.

Already, Manitoba has taken advantage of Ontario's perceived instability, announcing shortly after the budget that their current tax credits will now be guaranteed till 2019. I would be remiss if I did not mention that a critical ingredient of our success in Chicago was the Illinois Legislature's 2008 implementation of a sunset clause which guarantees the film and TV tax credit at the 30% level until 2021.

The vast majority of business volumes in Ontario are episodic and TV projects. You'll see on that slide that from 2011 to 2013, domestic and foreign TV were the largest categories of production activity. Even if you were to take a snapshot of Ontario today, as reported on the OMDC website, 21 out of 28 projects, or 75%, are TV and episodic.

The nature of these projects is that they must reliably budget and forecast for multiple seasons, but they can no longer do so in an unpredictable tax environment. Already we're hearing from a number of clients that Toronto is no longer the clear front-runner. While traditionally last week was pilot pickup week, this year we had no new series pickups. This is a very disturbing flashing yellow light for our business.

While only weeks ago we were engaged in seeking studio expansion lands, right now we're in a holding pattern, and other infrastructure partners have told us that they are also in that holding pattern.

We want to highlight that we understand that all sectors in Ontario must willingly share in budget measures, but very few sectors in Ontario contribute what we do to the overall economy, especially back to provincial coffers.

We hope that these consultations will result in some tangible, decisive steps. Most importantly, what I want to leave you with is that while we understand you're talking about grandfathering with our industry group already, what we're asking for is for the province to issue a strong statement of support for our industry in the form of a guarantee of the tax credit structure for a specific amount of time. We think that will help turn the tables in terms of the perceived instability right now—

The Chair (Ms. Soo Wong): Okay, Mr. Mirkopoulos, we need to wrap up.

Mr. Jim Mirkopoulos: —that Ontario has globally. Thank you.

The Chair (Ms. Soo Wong): I'm going to Mr. Milczyn. Can you begin the questioning?

Mr. Peter Z. Milczyn: Thank you. Hi, Jim. Thanks for coming to Queen's Park today.

You took a vacant smokestack site that employed 400 people and now you employ up to five times as many people on that.

Mr. Jim Mirkopoulos: Correct.

Mr. Peter Z. Milczyn: So you're showing the way: how industry changes, businesses change. There's evolution, and that evolution can be positive.

We heard you on the issue of grandfathering and on the issue of issuing some kind of a longer-term guarantee. But could you speak to how, on a go-forward basis, the proposed level of tax credits going forward would continue to make Ontario a very competitive and attractive location for TV and film production?

Mr. Jim Mirkopoulos: At the current level?

Mr. Peter Z. Milczyn: Well, the level that's proposed in the budget, setting aside the retroactivity—

Mr. Jim Mirkopoulos: Okay. So speaking to one of the comments earlier, there was the perception that Ontario is still the leader in Canada. I believe FilmOntario will speak to this directly, but I believe Quebec is slightly above us and then Ontario is in second place. As I highlighted in the presentation, Ontario is, I think, the leader in Canada in terms of the other assets that it has: the deep crew base, the locations, the infrastructure, the people.

Going forward, 21.5% would continue to be competitive for us. However, in the absence of a guarantee for a period of time, like other jurisdictions, I think it's very shaky ground for our industry to stand on. Because it's a $1.3-billion industry that employs tens of thousands of people, what we would ask for logically is some kind of guarantee, whether it's in terms of the term of this majority government or any kind of guarantee that could be given to help persuade our clients that Ontario does in fact support the industry and that for a period of time they will reasonably guarantee this tax credit level or whatever tax credit level they think is financially feasible for the province.

Mr. Peter Z. Milczyn: I know a couple of years ago, California announced a fairly rich tax credit to try to recapture business, and at the time we heard there would be a huge impact on Toronto and Ontario, but we managed to hold our own and continue to grow the business. So it's not just the tax credit; it's all the other attributes, all the infrastructure, that's very important.

Mr. Jim Mirkopoulos: Sure, and California was trying to recapture some of the leakage. There's just too much volume for any one jurisdiction to handle, so I was never overly concerned about the California tax credit increase. What I remain concerned about to this day is this government's continuing support in terms of both financial feasibility and stability. I think we can still continue to be very competitive globally, but we need that stability perception back in the minds of our clientele.

The Chair (Ms. Soo Wong): Mr. Mirkopoulos, I'm going to stop you there and go to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much for your presentation. I think that was a very realistic ask of the government, to set an end date, I guess similar to what Manitoba has.

Do you recall if, back when this tax credit was formed, there was ever a guarantee, an end date or a guaranteed date that this would be honoured, or did Ontario ever have that?

Mr. Jim Mirkopoulos: I don't believe Ontario ever had such a guarantee, but Ontario historically has only gone up incrementally. We haven't seen a decrease in the lifespan of our industry—I don't think I'd be incorrect in stating that. So no, I don't think there has been, but as this industry gets globally more competitive going forward, I think it is a very reasonable ask on behalf of a $1.3-billion industry.

Again, the auto sector—you guys know better than we do that there are other sectors in the economy that are just less dependable, but content creation really is a major future-proof industry, and Ontario is great at it. We just want to make it reliably great at it.

Mr. Monte McNaughton: And I think it's important from an overall diversification standpoint for Ontario's economy. I mean, we lost hundreds of thousands of manufacturing jobs. It's great to see another industry taking off, and I think it's important from the government's perspective to ensure that that industry continues here in Ontario.

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I wondered if you could talk a bit more about the signal that this is sending to other jurisdictions about what Ontario is doing.

Mr. Jim Mirkopoulos: Without wanting to make a dramatic statement, it does project that we're standing on more shaky ground.

Again, the reason I highlighted the boom of episodic projects is because they budget multiple years in advance. We're very fortunate, as facility operators, to be able to have high rates of success. One of the producers in this room, actually, is a producer of two TV series with us. One is in season 4; one is in season 3. We have excellent repeat business, but this could change as a result of not being able to project budgets into the future.

Mr. Monte McNaughton: Perfect. Thank you.

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

Mr. Tabuns?

Mr. Peter Tabuns: Thanks, Mr. Mirkopoulos.

Your studio has been in my riding for a long time. You've gone through the ups and you've gone through the downs. When we've gone through the down periods, what sort of effort has it taken to rebuild investment in Ontario? Because it has to be expensive to rebuild your brand. What have you seen in the past?

Mr. Jim Mirkopoulos: Ontario as a brand has gone through ups and downs. There have been labour stoppages; we went through SARS; we went through the currency fluctuations, where our currency went to $1.12 or $1.13 for a few months, that devastated us. But one thing that was always consistent was our tax credit. That is the one element that we depended on, and we really need to be able to depend on that again in order to continue to draw that business back.

Mr. Peter Tabuns: I imagine that there are jurisdictions out there that are seen as unstable, shaky. They get occasional business, but I imagine the nature of that business is very different from what we're seeing here.

Mr. Jim Mirkopoulos: Ontario has also had the claim to fame of being a financially and economically sustainable tax credit. We don't participate in economic leakage practices like paying for 30% or 40% of a director's salary or an actor's salary, because that money leaves the province, leaks out of the province. We've always rewarded producers for spending locally, and that's always been economically sustainable.

Ontario is different in that regard—that we've always been viewed as economically sustainable. Atlanta is not; New Orleans is not. The state of Louisiana had a major disaster with Katrina, so there was some reason why they were engaging in economically unsustainable tax credits. But Ontario has always been sustainable.

One of the deputants before me talked about it being a net positive to the industry. We strongly believe that it is. Econometric studies can go back and forth debating that, but we see on our campus the economic spillover and the major economic impact, and it's jobs. It's all about jobs and being able, then, to pay your mortgage and go out to a restaurant. That seeps into every sector of the industry.

Mr. Peter Tabuns: So when you're seen as unstable, you have to put out more money to get someone to produce in your jurisdiction.

Mr. Jim Mirkopoulos: I would say that, to be honest, stability is more important than more money. Being in the game with a competitive tax credit is number 1, and then being stable, in my mind, would be number 2.

We've been in this business 28 years. As you've said—

Mr. Peter Tabuns: Oh, yes.

Mr. Jim Mirkopoulos: —we've been through everything, but this one will be very hard to come back from if we don't get a statement of stability or some kind of duration for the tax credit as it stands right now.

Mr. Peter Tabuns: Okay, thank you very much.

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

FILMONTARIO

The Chair (Ms. Soo Wong): The next presenter is FilmOntario. I believe we have a delegation of people coming forward.

Good morning. Welcome. I know there are four of you, so I'm going to get you to identify yourselves for the purposes of Hansard. If there are any handouts, the Clerk is going to come around to pick them up from you.

As you heard, you have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the official opposition party.

You can begin by identifying yourselves for Hansard. Thank you.

Mr. Scott Garvie: Scott Garvie, from Shaftesbury Films in Toronto and FilmOntario.

Ms. Sarah Ker-Hornell: Sarah Ker-Hornell, the CEO of the business consortium FilmOntario.

Mr. John Weber: John Weber, with Take 5 Productions and a board member of FilmOntario.

Mr. Monty Montgomerie: Monty Montgomerie, IATSE 873 business agent and board member of FilmOntario.

Ms. Sarah Ker-Hornell: Thank you very much. The guys are going to handle most of the Q&A, so I'm going to jump in with our presentation.

For those of you who don't know, FilmOntario is a non-partisan, private sector consortium of over 30,000 members, companies, producers, unions and guilds, financial services and organizations within the Ontario screen-based sector.

We work with all parties and levels of government to ensure the health and international competitiveness of Ontario's screen-based industry, and for the past 12 years have had an active marketing partnership with the province and the city.

Ontario has been regarded as open for business to Ontario and non-Ontario investors. All three parties in Ontario—the Liberal, the PC and NDP parties—have recognized the value of stability in order to build an Ontario, and indeed North American, success story. Thanks to this commitment, we are the number three jurisdiction in North America, behind LA and New York respectively. The city of Toronto refers to its primary industries as food, finance, and film and television.

Thanks to the partnership of industry investment and policy stability, Ontario has had significant, steady growth in industry volumes and employment since 2009, especially youth employment, and attraction of private sector capital, reflected in the expansion of physical infrastructure such as shooting stages, studios, visual effects and animation studios, and the breadth and depth of equipment facilities and digital infrastructure.

As you know, the province's 2015 budget delivered a welcome delinking of our OFTTC, which is for domestic producers only, tax credit—mentioned by MPP Albanese—and for this we thank you.

The budget also delivered some tough medicine to many sectors, including ours. While we understand the government's responsibility to meet fiscal objectives in a balanced fashion, the approach taken in the budget to implement proposed rate cuts to the OPSTC and OCASE tax credits, effective immediately, threatens to destabilize the entire film and TV business in Ontario.

I just want to make a clarification here. The OPSTC is not a service tax credit only. Over a third of the users of that tax credit are domestic Ontario producers. It's the only one in the country of this nature, and it's easy for people to think, "Oh, it's just about Hollywood." It's not.

The rate changes will have a negative impact on the growth of industry volumes and jobs, especially with respect to the highly competitive foreign service work. We are no longer as competitive as Quebec and we are behind several other provinces in Canada now.

While some industry stakeholders appearing before you may speak to some of the other changes as well as the need to grandfather, after retaining the pre-budget rates, the number one priority according to our stakeholders is to grandfather any OPSTC and OCASE projects that were sufficiently advanced on budget day, April 23, 2015, and untethering OCASE. Immediate implementation means hundreds of lost jobs and business impacts now, as well as shrinking volumes due to reputational damage that could result in job losses for years to come. You've heard about that from some of our stakeholders already, and I'm sure we'll hear more going forward. Immediate losses range from a few hundred thousand to several million dollars per project, which is not insignificant. Jobs are being lost, and some companies will be forced to close this year or shift significant amounts of business from this jurisdiction.

The long-term damage is that the lack of a reasonable implementation period to manage the impact of these changes shakes the industry's trust. Overnight, we have undone hard-won industry trust built up over years that Ontario is one of the most predictable and stable jurisdictions for producing film and television in the world. Production and post-production budgeting and planning decisions are made 18 to 24 months in advance of a project going to camera. It is for this reason that other industry jurisdictions around the world, when implementing cuts to tax credits—and this is part of what Monty had asked—have grandfathered productions already committed to the jurisdiction.

I'm going to let John speak to his company with answering questions, and Scott the same thing.

Without grandfathering, many Ontario visual effects and animation, Ontario domestic co-productions and Ontario co-ventures, and Ontario small and medium-sized producers will be forced to divert their resources to other jurisdictions, lay off Ontario staff as necessary, and, in some cases, close. The longer we wait to grandfather these cuts, the worse it will get, and the destabilization could last for years. We urge you to put forward an amendment to grandfather any OPSTC and OCASE projects that were sufficiently advanced by budget day, untether OCASE, and recommend that the government make the accompanying pronouncements or statements of intent as soon as possible.

The Chair (Ms. Soo Wong): Okay. So I'm going to begin the questions with Mr. McNaughton.

Mr. Monte McNaughton: Great. Well, thank you, Scott, Sarah, John and Monty for coming today. Sarah, and the rest of you, I wonder if you could just talk a bit more, so we get it on the record, about the contributions that the industry makes to Ontario's overall economy—you talk in here, I think, about a $2.5-billion contribution—but secondly, to the net positive revenues for the government of Ontario.

1150

Ms. Sarah Ker-Hornell: Sure: $2.5 billion, film, television and interactive, which is our bailiwick at FilmOntario—it's a nomenclature, film for screen-based content. That is the direct spend in the province of Ontario on productions of this content.

In terms of the tax credit conversation, we do regular, updated econometric analyses. We use both domestic and British economists to do this work. Last year, 2014, the numbers say that the amount spent on film and television tax credits was not only returned back, but there was a surplus of almost $80 million, which of course we feel would be useful to pay down that deficit.

Mr. Scott Garvie: Can I just do a follow-up on that?

Mr. Monte McNaughton: Sure.

Mr. Scott Garvie: Sarah mentioned before that there's a very fragile infrastructure in Ontario, domestic and service. About 65% of the volume in Ontario is done by domestic producers like Shaftesbury Films, and about 35% to 40% from the foreign. All the guilds are working; all the services are working; all the infrastructure is working. People rely on that balance to ensure the stability of the company.

Mr. Monte McNaughton: I wonder if you could, because I don't think another presenter has talked about it—where was the industry before the tax credit came into effect in Ontario?

Mr. Scott Garvie: Well, prior to the tax credit, there was the film—

Ms. Sarah Ker-Hornell: It was a fund.

Mr. John Weber: Limited tax partnership—tax shelters.

Mr. Scott Garvie: —which netted about 3% to 4% to a budget, as opposed to the take that we get on a labour-based spend.

Mr. Monte McNaughton: But in terms of employment in Ontario and the overall impact—

Ms. Sarah Ker-Hornell: Actually, we've got a little picture for you in your package. This shows 20 years of activity, in volume, since 1993 to 2013. This chart is created by the OMDC, the agency of the crown, and their stats based on tax credit activity.

The tax credits were put in place by the Ontario government. It was led by the PC team at the time, and it was to directly go to improving job opportunities. We already had the creative and expertise critical mass, thanks to the CBC work and some of the other production companies that had started in Ontario—this is pre-digital. But we realized we had to compete internationally, and in order to do that, we had to build up a workforce. Manitoba has much higher tax credits, but their workforce is only two or three crews deep, whereas we have 50 crews deep here, so we can handle scale and capacity and there's no rumour that, "Oh, Ontario is full; we'll have to bid somewhere else." So it created the opportunity to scale.

The Chair (Ms. Soo Wong): Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Sarah and participants. We've talked before about this. Every day that goes by where this uncertainty continues, it undermines our reputation. From what I've heard this morning, our reputation as a stable jurisdiction is just about as important as any other factor that's on the table, and perhaps more important. What does Ontario need to do today to stop that loss?

Mr. John Weber: I think the absolute immediate remedy is, we need to give certainty to people who have made a commitment to Ontario that the basis on which they made that commitment to Ontario will be honoured. We're talking about grandfathering of the credits. That's the number one priority for us. The perception of, "We came to Ontario and there was a bait and switch. They sold us a bill of goods"—I think that type of perception that is present with financiers internationally and partners needs to be dealt with immediately.

Jim was talking about a commitment from government for the longer term: "We are in support of this industry, and we're going to help you build and grow this industry at a reasonable level." I think that commitment needs to be made. But immediately—I think there are two issues that Sarah brought up in our presentation, and that is the grandfathering and trying to continue to allow the visual effects community to grow as well and not be encumbered by administration, by uncoupling the OCASE and the OPSTC credit. We still don't completely understand the intent of that budget measure either—

Mr. Peter Tabuns: I've been confused by it as well, to tell you the truth.

So if the Minister of Finance were to make a statement today saying that he'll be introducing an amendment to this bill when it comes to clause-by-clause that would introduce the grandfathering and address the visual effects problem, that in fact would give the industry a lot of assurance, would it not?

Mr. John Weber: Yes.

Mr. Scott Garvie: But then the competitive nature of the business—that would solve the immediate issue with users who have come and had possible losses, so it's business as usual. Going forward, there are Ontario companies like ours that will continue to work in Ontario. There are other people who will come into Ontario but they'll do the pricing, and with the rate changes it will be a question of the metrics they need to come to Ontario.

Mr. Peter Tabuns: Right. I understand that even with the cuts that have been put in place, the government is expecting a substantial reduction in business as a way of making sure it meets its spending targets. Is that a correct assumption?

Ms. Sarah Ker-Hornell: Actually, we were told that finance officials did not believe there would be a drop in volumes, despite the rate cut.

Mr. John Weber: I think they think that the weakening of the American dollar will offset that loss in production and therefore that will kind of keep it at a level of—I think they even said "growth." We don't support that theory.

Mr. Scott Garvie: There are a lot of environmental things that are happening with CRTC—less talk-TV, the mergers of Canadian companies. I think there's going to be a natural reduction of volumes because of the environment, not only the dollar and the tax credit.

The Chair (Ms. Soo Wong): I'm going to need to stop you there, sir. Mr. Potts?

Mr. Peter Tabuns: Thank you.

Mr. Arthur Potts: Yes, thank you, Chair. Thank you, Sarah and all, for coming here today. As you know, I've been involved in the film and television industry, going back over 20 years. I've sat on the FLIC committee at the city of Toronto and I worked with a councillor down there. My offices were at Showline Studios—Peter Lukas and his big hat. And Sarah and I have worked together over the years. Congratulations; you're very well represented at these hearings. I think the message has been very clearly heard, particularly on the grandfathering issues and the reputational stake.

I want to move a bit onto the ongoing interaction that FilmOntario does have with our government and what the consultations have been leading up to this phase, particularly around the equity granting issues and how we do continue to respond positively to concerns in the industry.

Ms. Sarah Ker-Hornell: We all worked very hard together at the front end of this year when the federal government, in December, made a tax change. They put through a big fat bill with a lot of things in it. One of them was a tax credit clarification on the federal tax credits, which they've been acting on for over a decade anyway. We all noted that; we didn't worry about it. But what we discovered was that there was a link in our Ontario legislative language to that federal tax law—completely unintended, certainly not planned by this government or anyone. It was creating, in effect, a retroactive financially punitive piece.

The government was receptive to us right away and we went in on a series of meetings. We are very evidence-based at FilmOntario. We don't just say that this is right or this is wrong. We spent a lot of time with lawyers and accountants so that all of our members who are willing to show their financial information on their specific shows that would be impacted could do so. All of the labour unions together, even the competing labour unions, worked together on that. I would say that we bring forward evidence and the government has been receptive on this piece.

Mr. Arthur Potts: I didn't want to leave the impression that we haven't been in ongoing discussions, because that's been some of the effect of the membership who haven't really seen that ongoing interaction.

This is the first time in my riding that my phones have lit up on an issue. It's obviously extremely important in Beaches–East York and my neighbouring Toronto–Danforth.

One of the issues that's coming up—and I met with Joe Fraser and others last week—is this issue of the tethering between OCASE and these credits. Could you maybe explain, particularly in the effects post-production, how that might have a very, very detrimental impact?

Ms. Sarah Ker-Hornell: To be honest with you, without fully understanding why they've chosen to tether it, it's kind of hard to see what you would try to mitigate or how you would solve the problem differently. We have done some extensive stakeholder consultation on that, obviously, with post-production. If a post house is working with a company such as Scott's or John's, it's not a hassle because they're each filing for each of the tax credits; I'm sorry to get granular, but the question was asked.

Mr. Arthur Potts: It is tempting.

Ms. Sarah Ker-Hornell: But if it's post only—and I would say anywhere from 30% to 50% of any visual effects house's volume is entirely for customers in another jurisdiction; that's been part of our strength here in Ontario—for them it's an administrative hassle. The OPSTC tethering—the OPSTC is for a project and OCASE is an annual corporate filing by the visual effects company, so they don't link up at the same time.

Mr. Arthur Potts: Could we delay implementing tethering without having a budgetary impact, so that we have more chance for stakeholder consultations?

Ms. Sarah Ker-Hornell: I think the stakeholders would welcome more opportunity to work through it with government and perhaps get at the reasoning behind it, because if there is financial reasoning behind it, perhaps it could be tackled.

The Chair (Ms. Soo Wong): Sarah, thank you very much. Thank you Scott, Sarah, Monty and John for being here today.

We're going to ask the staff and everybody to vacate because we have a brief in-camera meeting with the committee.

The committee continued in closed session at 1200 and resumed at 1316.

The Chair (Ms. Soo Wong): Good afternoon. I'm going to call this meeting back to order.

SOCIAL PLANNING COUNCIL OF KITCHENER-WATERLOO

The Chair (Ms. Soo Wong): Our first witness this afternoon is coming to us by conference call from Kitchener. Ms. Aleksandra Petrovic of the Social Planning Council of Kitchener-Waterloo is on the line. Can you hear us, Aleksandra?

Ms. Trudy Beaulne: Oh, it's Trudy Beaulne, and I can hear you.

The Chair (Ms. Soo Wong): Okay: Trudy Beaulne. Sorry. We just had Aleksandra's name on this sheet.

My name is Soo Wong. I'm the Chair of the committee. I will introduce all the members at the table so that you know who they are.

From the government side are Laura Albanese, Yvan Baker, Dr. Shafiq Qaadri, Peter Milczyn and Arthur Potts; from the official opposition party, Gila Martow and Monte McNaughton; and from the third party is Peter Tabuns.

As you probably know from the Clerk, you have five minutes for your presentation, followed by three minutes of questions from each caucus. You may begin any time. Please begin by introducing yourself for the purpose of Hansard.

Ms. Trudy Beaulne: Okay. My name is Trudy Beaulne. I'm the executive director of the Social Planning Council of Kitchener-Waterloo. Thank you for the opportunity to speak to the committee. I'm speaking to the omnibus bill—we're calling it an omnibus bill, Bill 91—to change various acts that are related to the budget of 2015.

The first comment I want to make is about omnibus bills such as this. We really think they are bad process. They are very difficult for people to understand and give appropriate input to, so we really think it's much better to have more time for review and to give input and comment.

I want to speak specifically to the proposed amendments to the Poverty Reduction Act, and that is schedule 36.

The main points I want to make are that we support the amendment and the intention to provide grants to communities and community organizations to support poverty reduction activity. We want to emphasize, though, that we would want those grants to be allocated to meet the broader vision of the Poverty Reduction Act to support strong and healthy communities, to make sure people can contribute and participate in both the economy and society, where non-profits provide opportunities for people most impacted to be involved in the design and implementation of the Poverty Reduction Strategy and other policy related to how our communities are organized and how programs and services are provided. This would mean that we would want to be sure this is strengthened to recognize those portions of the vision so the grants would be able to focus on creating community and system change and not just on individual change, as the current grant program is. We want there to be more of an opportunity to support people to participate in creating rules and regulations and in giving feedback overall, rather than just an emphasis on the collection of people in or not in poverty.

At the same time, we see that there has been a lack of follow-up to social assistance reform. There is Bill 27 sort of sitting in limbo after the first reading. We also see that there are changes happening to the system, but we see those as happening piecemeal, and it further complicates people's understanding of what's happening—and also social assistance delivery. We would prefer that there would be a bill on the table for discussion and review as opposed to having changes happening when people aren't really given an opportunity to give input.

The last piece, just related to that point, is the Social Assistance Programs Consolidation Act in particular. The debate has been stopped, but we've also introduced in the current strategy, the Poverty Reduction Strategy, ending homelessness before we've actually dealt directly with the social assistance system to ensure that that is providing the kind of safety net that people in the most desperate situations need.

The Chair (Ms. Soo Wong): Okay. Am I correct that you are finished your presentation, then?

Ms. Trudy Beaulne: I am.

The Chair (Ms. Soo Wong): I'm turning to Mr. Tabuns. You may begin your questions.

Mr. Peter Tabuns: Thank you for joining us this afternoon in this committee. One of the concerns that you have, obviously, is eliminating poverty. Can you talk to us about the impact that higher hydro bills will have on the people that you are representing, that you are advocating for?

Ms. Trudy Beaulne: Anyone who is paying hydro directly or indirectly through rent is going to be impacted by anything that increases costs.

Mr. Peter Tabuns: Are you finding people are having difficulty even now keeping up with their electricity and rental costs?

Ms. Trudy Beaulne: They are. We're not sure how many people are going into arrears, but I do know that there has been a lot of concern. That, coupled with some problems with billing, has created real worry with people because in order to cover really high hydro bills, they're not spending dollars on something else like food.

Mr. Peter Tabuns: Do you have a sense of what impact the higher hydro rates that would come from the privatization of Hydro One would have on small and medium-sized businesses in your community?

Ms. Trudy Beaulne: I'm not sure, because we certainly haven't done that analysis and looked at the projection. We are in Kitchener and Kitchener has its own hydro, so in some ways there is a bit of protection. But generally, amongst my peers of social service providers and social agencies, there is a general concern about privatizing or selling off even part of Hydro One because the experience in Kitchener is that it's been an excellent asset for the municipality and has provided a lot of income that has helped buffer all sorts of cost demands and shortfalls at times. It has been an excellent asset for this community. I would imagine it's the same thing for the province.

Mr. Peter Tabuns: Would you say that people in your community are aware that this bill will remove many barriers to the privatization of local utilities like the one you have there in Kitchener?

Ms. Trudy Beaulne: I would say no. Certainly, it's not been talked about.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to Mr. Baker from the government side.

Mr. Yvan Baker: Thank you for taking the time to share your feedback with us. I have a chance to speak quite a bit with Minister Deb Matthews, who's the minister responsible for poverty reduction, and I know that she's invested a tremendous amount of time in trying to make sure that we address the issue of poverty and some of the issues that you've talked about. I know the Poverty Reduction Strategy that was announced this past year has received quite some favourable coverage, particularly in the Kitchener-Waterloo area.

I'm wondering if you could tell me a little bit about—the budget mentions that consultations will be happening this year regarding the reform of the social assistance system—what you would like to see in these consultations?

Ms. Trudy Beaulne: Something that's accessible to people and with enough time to give input. We have spent a lot of time since 2007 actually engaging people and helping to translate a lot of the consultation materials specifically related to poverty and social assistance review, but also in other things like the social assistance tribunal and the Human Rights Tribunal, because the people who are most affected by these policy changes and by the programs—it's affecting them in very immediate, concrete ways. They don't know, or it's not at all easy for them to participate—so a manageable consultation period and process, and support so that organizations like ours can continue to do that work to make sure people who are affected by it are understanding it and able to give input in a meaningful way.

Mr. Yvan Baker: If these consultations were being held, what sort of advice would you give? What would you want to see as the outcome of that?

Ms. Trudy Beaulne: Well, of the consultations around the social assistance review: a really honest assessment in listening to what has been heard, because people have been talking and giving input since 2007-08, and a lot of what has been said seems to—people really feel like they haven't been heard. So the outcome of it is where we can really get the main points out on the table: that a really, really important component of social assistance is adequate rates, and also understanding that in the context of the broader needs and what resources are available in the community—because there are various things that can help mitigate against costs and things.

So a good understanding, good participation, and a clear sense as to what we need to be designing a program to do.

The Chair (Ms. Soo Wong): I'm turning to Mr. McNaughton for the last section of the questions.

Mr. Monte McNaughton: Thank you very much, Trudy, for your presentation. I was wondering if you would be able to forward your presentation to the committee.

Ms. Trudy Beaulne: Yes, we can. We can do up our rough notes into a bit more coherent outline and send those along.

Mr. Monte McNaughton: Great. You talked about schedule 36 in the budget. I wonder if you could just repeat what schedule 36 is.

Ms. Trudy Beaulne: That's the Poverty Reduction Act.

Mr. Monte McNaughton: Can you let the committee know what's happening in terms of the poverty reduction situation in Kitchener-Waterloo?

Ms. Trudy Beaulne: Kitchener-Waterloo is part of Waterloo region, as you know. We're probably one of the more enviable communities, with the tech sector. There is a relatively high average income, which means that we have a hidden poverty problem. The gap between the lowest- and highest-income earners is wider than it is nationally. We really do have some significant issues, but we also have some challenges, because relative poverty—prices can go up and a lot of people aren't concerned, and then there are a lot of people who really pay a price for that.

There have been a number of groups that have formed—different kinds, like the Poverty Free Kitchener-Waterloo group. Right now, it's primarily people with lived experience and agencies that provide support, who are there to help people participate in consultations and set some action. We've created a framework we can use to assess where we're going and what we think is important to happen in local communities.

I'm not sure what else to say. There's a lot that's happening, but we still are fundamentally coming down to, the rates are not high enough. There are cuts happening in other areas, like in discretionary benefits, and people have lost ground. We have a lot of players who are concerned and contributing to solutions, but we still have a ways to go.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Beaulne. I was just informed by the Clerk that if you're going to submit anything in writing, it needs to be submitted by Monday, May 25, by 9:45 a.m.

Ms. Trudy Beaulne: To the Clerk?

The Chair (Ms. Soo Wong): To the Clerk.

Ms. Trudy Beaulne: Okay.

The Chair (Ms. Soo Wong): Thank you for joining us this afternoon.

Ms. Trudy Beaulne: Thank you for inviting us.

The Chair (Ms. Soo Wong): The next presenter is Tracy Blodgett. Is Tracy here? Okay.

McLEISH ORLANDO

The Chair (Ms. Soo Wong): I'm going to go to the next presenter: Mr. Patrick Brown of McLeish Orlando. Mr. Brown, welcome. Good afternoon, Mr. Brown. As you've probably heard, you have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin with the government side. Please identify yourself for the purpose of Hansard. You may begin.

1330

Mr. Patrick Brown: Thank you, Madam Chair. My name is Patrick Brown; I am not the Patrick Brown who is the leader of the PC Party of Ontario. I am the past president of the Ontario Trial Lawyers Association; I am a partner with my firm, McLeish Orlando; and I'm a member of the Personal Injury Alliance. I'm also the chair of the Ontario Safety League and a former chair of the Ontario Bar Association's insurance law section.

I am here before the committee in relation to changes to the Insurance Act as it relates to auto insurance. At this time, the government is proposing a move to increase the deductible as it relates to what we call tort changes to the legislation so that accident victims will have their corresponding deductibles increased to a higher level. In that regard, this proposed change to the legislation by the government also includes proposals to make further changes as it relates to auto insurance and victims of car crashes.

I have been doing personal injury for over 20 years. I make a living off of representing people who do suffer these horrific and tragic accidents. I have represented thousands of individuals, whether they be whiplash-type individuals early in my career or people who suffer quadriplegia or traumatic brain injuries.

I'm here to voice serious concerns over the reduction of benefits to those suffering catastrophic injuries. The government has announced that individuals who suffer these types of disabilities will have their attendant care benefits and medical rehabilitation benefits reduced from $2 million to $1 million. Catastrophic claimants include people who have amputations of limbs, quadriplegia or paraplegia, as well as severe traumatic brain injuries. Over the course of my career, I've seen what type of help these individuals need. They need help getting out of bed, feeding and at times just getting out of the house to live a normal life.

Part of the proposal to remove these amounts has come about—at this time, I understand that the insurance industry needs to be profitable; that's a given. I also understand that individuals in Ontario are demanding lower auto premiums. I understand this government and both parties are seeking and are committed to delivering the lowering of premiums so people can drive vehicles and have it be affordable.

What I do not understand is why the government, as well as the other parties, have chosen to make this happen at the expense of this small group of seriously disabled individuals who represent only approximately 1% of the victims of car crashes. This is not about taking away physiotherapy from somebody with a whiplash injury or giving them massage therapy after they've been involved in a car accident. It's not about giving those individuals replacement income. What this is about is taking away $1 million from victims where that's used to help them get out of bed, to feed them, to help them use the washroom, and at times to get out and see their families and be transported to treatment. The costs associated for somebody with a quadriplegic-type of injury can exceed $12 million for a lifetime, and for serious, severe traumatic brain injuries, it's well over $10 million. From a practical standpoint, I don't find that you would find anybody standing before this committee from the insurance industry, the legal community or the medical and rehabilitation community who would argue against any of those points. These individuals definitely need these benefits, and these are being taken away.

This is not about fraud. It's not about sports medicine clinics popping up at every corner. It's not about the proliferation of lawyers and advertising. This is about these individuals, people who suffer the most traumatic injuries.

In 2010, I was also afforded the opportunity to make representations to the Ministry of Finance when the previous changes were made. Those changes were dramatic. It was very hard for the government at the time to make changes to the auto product. At that time, they took the majority of claims, which were minor injury claims and which represent almost 80% of the claims in the system—they took $100,000 in medical benefits available to them and reduced it to $3,500. Ontario then became the province that had the lowest amount paid to the majority of claimants.

That happened because they had a tough decision to make. They had to reduce these premiums but at the same time make it affordable to the average Ontarian. They did that because they said, at that time, that it's much better to take the benefits away from those minor injuries—the whiplash, the soft tissue—and make sure that those people with quadriplegia and severe traumatic brain injuries have the benefits that are available. The proposed changes that are coming through this budget now mean that they're going to actually take half the benefits away from these other claimants.

From that standpoint, I do want to stress that when those consultations were made, stakeholders from the entire legal industry were given an opportunity to speak on this. People from the medical and rehabilitation community were given an opportunity to speak on this.

At that time, there were tough decisions to make. I think at this stage this might be a kneejerk reaction; I don't know, but there is a right way and a wrong way to do it. I think this government will continue to do the right thing in the right way, but certainly in our submissions, for people who see on the front line the impact this will have on those individuals—

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

Mr. Patrick Brown: Yes. I think it's critical that you take a hard look. There have been reports already submitted that suggest that in the insurance industry in 2013, the most profitable companies are making about a 17.3% return of equity. If you take a look at the share portions, the shares of the largest auto insurer inside Ontario, you'll see that it has almost doubled since 2010—

The Chair (Ms. Soo Wong): Okay, I'm going to stop you here. Dr. Qaadri, do you want to begin the questioning?

Mr. Shafiq Qaadri: It was Mr. Potts.

The Chair (Ms. Soo Wong): Oh. Mr. Potts?

Mr. Arthur Potts: Thank you, Madam Chair. I very much appreciate it.

Thank you, Mr. Brown. Thank you for coming here and sharing your views on behalf of your profession and your practice. We appreciate your acknowledgement of the difficult balancing act we're in here between the various interests involved.

Certainly we've made a very clear commitment to find ways to lower insurance rates in Ontario, and we've taken the approach, rather than some jurisdictions, of trying to change the system so that within the system, as insurance companies are making a profit, they will reduce rates to reduce their profit levels. That's been the approach, actuarially based in real life, not in manufactured, artificial rates.

I think part of the balance here is that Ontario wants to continue to provide a fulsome set of benefits. With respect to catastrophic, there's still always the option of people purchasing additional insurance coverage to bring it up to level. We're suggesting the $1-million base level. Maybe you can comment on what other jurisdictions in Canada are doing with respect to catastrophic insurance. The $1 million is a base, and there's still an option; if people want to acquire more insurance, they can do so. Maybe you could comment particularly on what other jurisdictions are doing in this area.

Mr. Patrick Brown: Thank you, Mr. Potts. Firstly, I do applaud the government in their attempts. In 2016, they're bringing in a whole new system for accident benefits, which they say is going to cost and save millions of dollars to policyholders. That system hasn't taken place yet, but it's turning the whole accident-benefit procedural system upside down, getting the lawyers out, making it more efficient and easy to do things. That will save costs. Part of my point is, let's see what happens there first.

Secondly, optional benefits: Yes, it is true that any Ontario-insured driver can buy optional benefits and increase their product. What happens is, as we know, that in the majority of those cases people simply don't buy up. They will not buy up the product, another million dollars.

What that doesn't take into account in Ontario, as well, is that you assume that all individuals have auto insurance. There are many people in the population who are pedestrians, who do not have cars and do not have auto insurance. There are many children and there are also cyclists. There are also stay-at-home moms who simply don't drive and don't have auto insurance. If the individual, who could be a drunk driver, hits them and hasn't bought that optional coverage, essentially all those individuals will be losing a million dollars in benefits if they suffer these types of injuries.

The Chair (Ms. Soo Wong): Mr. Brown, I'm going to stop you there. Mrs. Martow?

Mrs. Gila Martow: Thank you very much for coming in, Mr. Brown. I just want to ask you if you have any recommendations for how insurance rates could come down, because we've heard from the government and the third party that insurance rates need to come down in Ontario, because the companies are either making too much profit or there's fraud. We've had our concerns with how they were going to implement this, and now those concerns are coming to light. Do you have any recommendations on how insurance rates could possibly come down?

Mr. Patrick Brown: Certainly insurance rates can come down, by taking a look at the profitability of the industry. If the industry is too profitable, then certainly changes can be made with the return of equity and how much an insurance company can make in Ontario. Since the 2010 changes, in 2013 that return of equity is at 17.3%. There has been a recent report that has been done by two professors from York University who have indicated that that's much too high and that should be brought down. I think FSCO has even agreed that that should be brought down. That would make a substantial savings within the system.

If there still have to be further savings, and if that needs to be done outside—we have to have a profitable insurance product, absolutely, but if more savings have to be done, don't do it on the backs of the quadriplegics and the severe traumatic brain injuries. Look elsewhere to make your savings. Look at changing the system, procedural changes so that it's easier for people to make claims without lawyering up. There are all kinds of different avenues.

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Take a look at companies—sure enough, there are certain good insurance companies, but there are certain bad ones. Certain ones make a good profit within the system. For those that don't, perhaps look at their underwriting practices, how they do their administrative procedures within their companies.

There are different ways to reduce premiums in Ontario, but it doesn't have to be on the backs of quadriplegics and people with severe traumatic brain injuries. They only represent 1% of the claims.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Where were the trial lawyers on the 2010 reforms? What was your position?

Mr. Patrick Brown: I was involved in those negotiations. I had actually had meetings with the insurance bureau at the time. The government of the day wanted us to sit down and work together to try to come up with some solution due to the escalating premium situation. At that time, although there was a loud outcry when they reduced benefits to those minor injuries and reduced the $100,000 to $3,500, we knew that if there had to be changes, our position was: Don't do it on the backs of those people with the most significant injuries.

The Chair (Ms. Soo Wong): Okay, Mr. Brown, I need to turn to Mr. Tabuns.

Mr. Peter Tabuns: Mr. Brown, thanks for being here today. Could you just tell us very quickly how the insurance industry is regulated, who they have to report to around their rates?

Mr. Patrick Brown: They're regulated through the Financial Services Commission of Ontario, so they have to report to the Financial Services Commission, which does regulate the entire industry as to premiums that are to be paid and what the premium amounts are. They're in the process of changing—FSCO not only does that, but it also administers how claims are to be determined adjudicatively inside the system.

Mr. Peter Tabuns: So they regulate the industry now. They try to deal with profiteering or rates that can't be justified by underlying costs?

Mr. Patrick Brown: Correct. There have been some people who suggest that there should be greater transparency with the numbers, the profitability. There seem to be two different opposing things about how much profit an insurance company is making. You have one side saying that they're making the 17.5% return of equity, and then you have the industry saying that that's not true. So it's very hard to difficult to get an actual feed on it at this point in time. We're certainly looking at the report done by the professors from York University.

Mr. Peter Tabuns: Okay. On another tack, what have you been hearing from the victims of these accidents, people who are facing these catastrophic losses?

Mr. Patrick Brown: I do know the victims because I'm in their homes. I see what they have to go with from day to day: $2 million, which is the present benefit that we're talking about—medical and attendant care—does not take them anywhere near to where they need to be. You have to understand, home modifications can exceed, right off the bat, $300,000. Vehicle modifications jump right up. Just the basic attendant care to get them fed, their catheters, and things like that escalate. So the first $1 million can be gone within two years.

From that standpoint, what it means to them is that you're going to find an influx of people who are going to be dependent on the social nets within the present system. You'll probably see these individuals in emergency wards sitting on cots outside the offices. And you'll find, then, that they simply won't get around. They won't have the transportation needs to get outside and see their family or to participate in some kind of meaningful recreational activities. It has a huge impact on them.

The Chair (Ms. Soo Wong): Mr. Brown, thank you very much for your presentation. Thanks for being here.

Mr. Patrick Brown: I appreciate it.

The Chair (Ms. Soo Wong): Before I call the Ontario Energy Board, I want to see one more time if Tracy Blodgett is here? Tracy Blodgett? No. Okay.

ONTARIO ENERGY BOARD

The Chair (Ms. Soo Wong): Do we have the Ontario Energy Board coming forward? Good afternoon. I believe we have Mary Anne Aldred and Rosemarie Leclair. Good afternoon. Do you have any handout you want to share?

Ms. Rosemarie Leclair: Not at this time, but I'm happy to—

The Chair (Ms. Soo Wong): Okay. I just wanted to say that if you do, the Clerk will be here to help you distribute.

As you probably heard, you have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin with the official opposition party.

You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

Ms. Rosemarie Leclair: Rosemarie Leclair. I'm the Chair of the Ontario Energy Board. Good morning, Madam Chair and members of committee. Thank you for the opportunity to appear before you today.

This morning I'd like to provide the committee with a brief overview of the Ontario Energy Board and the important oversight role that we play in Ontario's energy sector, and to discuss very briefly the way in which we go about our work.

Let me begin with the brief overview of the board. As you know, the Ontario Energy Board is the province's independent energy regulator. We regulate both the natural gas and electricity sectors in Ontario. Within our broad public interest mandate, we do have specific objectives that are set out in our legislation.

Our primary objective is to protect the interests of Ontario's 4.6 million energy consumers with respect to price, adequacy, reliability and quality of service, and to do that while maintaining a financially viable, sustainable and efficient energy sector.

The OEB has some broad responsibilities. We license all market participants. We establish standards of conduct and standards of service. We approve major network infrastructure investments and we approve the rates charged by distribution and transmission companies across Ontario.

In gas, we regulate the rates of three natural gas distributors; in electricity, we regulate the rates of some 70 local distribution companies and five transmission companies, as well as OPG.

Suffice it to say that the impact of our decisions on utilities and their customers is absolutely significant.

As a provincial regulator, the OEB's oversight and rate setting applies to all regulated utilities in all corners of Ontario, from municipally owned local distribution companies like Toronto Hydro to government-owned corporations like Hydro One and OPG, privately held entities like Canadian Niagara Power, and to broadly held, investor-owned utilities like Enbridge and Union Gas.

Regardless of size or ownership structure, we apply the same standards to, and we expect exactly the same level of performance from, all the entities that we regulate.

The Ontario Energy Board has carried out our important oversight role for some time. In fact, we've been doing it for more than 50 years for natural gas and a somewhat shorter period for electricity. Over that time, the OEB has developed a solid reputation and gained significant expertise. The OEB is recognized by the courts as an expert tribunal, and for that reason we're accorded significant judicial deference.

Having provided you with a flavour of what the OEB does, let me now speak briefly on how we do it: our decision-making processes, particularly as they relate to rate setting.

As I said earlier, the OEB is an independent tribunal. And while our mandate flows from our legislation, as an adjudicative tribunal, our decision-making processes are very much based on the principles of administrative law and the rules of natural justice.

The OEB sets rates which are just and reasonable, using a public hearing process. We work to ensure that our regulatory decisions further our legislated objectives in ways that are consistent, stable and predictable.

Although the size and the operating characteristics of utilities vary, our approach to rate regulation does not. The public hearing process is rigorous and requires utilities to provide comprehensive, extensive business plans and extensive data. Proposals are examined and challenged in an open, public and transparent process, which includes the active participation of ratepayer representatives as well as other stakeholders. In fact, the OEB is one of few energy regulators that provide significant funding to ensure that the voices of those impacted by our decisions are represented effectively in our proceedings.

The OEB panel, assigned to a proceeding, reaches its decision based on the evidence, based on the submissions of each of the parties, based on OEB policies, as well as on the public interest. Our decisions aim to ensure that utilities have sufficient revenues to support ongoing operations and investments in assets; that shareholders earn a fair return so as to attract ongoing investment in utilities; and that customers benefit from predictable, paced adjustment to rates tempered by improving productivity and efficiencies.

Let me illustrate the OEB's effectiveness in the context of Hydro One rates. Looking at an average residential customer's total bill since 2008, Hydro One's distribution rates have increased an average of only 1.4% per year, while its transmission rates have increased an average of only 0.2% per year. Inflation during that same period ran about, on average, 2% per year.

In its 2011 utility ratings report, Standard and Poor's commented on the OEB's process as follows: "The OEB has exhibited increased scrutiny of requested cost increases in the distribution sector and the associated rate pressure on customers. While we expect ... rate increases will remain an important consideration, we believe ... that the OEB will continue to honour its mandate to balance customer needs and the utilities' ability to earn a modest return."

In closing, let me say that the OEB's 50 years of rigorous, open, transparent and independent oversight of regulated utilities has served Ontario consumers well in the past, and we are very much committed to continuing that legacy in the future.

The Chair (Ms. Soo Wong): Thank you. In this round: Ms. Martow.

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Mrs. Gila Martow: Thank you very much for your presentation. I just want to ask if you think that rate-setting hearings will be public, with interventions, as you described, from interested parties once Hydro One is privatized.

Ms. Rosemarie Leclair: Yes, absolutely. Rate setting, as I indicated in my remarks—the process doesn't change depending on the ownership structure. The OEB has processes now for Enbridge Gas and Union Gas, who are very much investor-owned utilities, and they go through the very same rigorous process. They have the same requirement to publish notice and to respond to consumer impacts. Interveners participate in that process. That process will not change as a result of the Hydro One ownership structure.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Thank you. The government says that it's strengthening the OEB to protect ratepayers. Is it true that the OEB has been out of compliance with the governance requirements of its existing legislation since 2010, and is it true that there's no second vice-chair, no management committee, no COO? This is in accordance with the OEB Act.

Ms. Rosemarie Leclair: The OEB has requirements in the legislation with respect to its management and governance structure. One of those requirements is a second vice-chair. An appointment has been recommended by cabinet for that second vice-chair and that will be considered by committee very, very shortly.

Mr. Monte McNaughton: So there hasn't been one since July 2010, when the act was—

Ms. Rosemarie Leclair: You know, the OEB has had a long—as I say, we've been in existence for 50 years, and there have been many periods where the structure of the OEB has been changed. In fact, before I got there, the OEB was operating with a chair. There was neither one vice-chair nor two vice-chairs; there was a chair. That was the structure. We have been operating with only one vice-chair for a period of time. We wanted to ensure that when we make the decision as to who that vice-chair is, we have a good sense of the board's direction and what our needs are. It's like filling a board of directors.

Mr. Monte McNaughton: Is there a management committee?

Ms. Rosemarie Leclair: There is a management committee. That management committee meets regularly. It meets six times a year, just like a board of directors. It has oversight of the organization. It deals—

Mr. Monte McNaughton: Is there a COO?

Ms. Rosemarie Leclair: There has been a COO. We now have a new structure that has VPs. We have moved the COO responsibility to those VPs, who report directly too. We've raised that issue in terms of requiring amendments to the legislation. It's very uncommon for legislation to actually recommend the management structure of an organization. The oversight comes from the management committee, and that oversight has not changed, with or without the responsibility of a COO.

Mr. Monte McNaughton: The point I wanted to make is that shouldn't the government comply with the existing law first, before they have any credibility in claiming to strengthen the Ontario Energy Board?

Ms. Rosemarie Leclair: There are many provisions in legislation that are administrative in nature that don't really go to the substance of the decision-making. I think that whether or not the Ontario Energy Board has a chief operating officer in place doesn't go to the substance and the effectiveness of the decision-making role.

Mr. Monte McNaughton: But the act actually calls for these positions to be in place, and my point is that they're not being complied with.

Ms. Rosemarie Leclair: That's a true statement.

Mr. Monte McNaughton: Thank you.

Ms. Rosemarie Leclair: We do not have a COO at this point in time.

Mr. Monte McNaughton: Or a second vice-chair.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Ms. Leclair. I have a few other questions, but first, one quickly: Did the OEB approve the rate increases for the installation of smart meters?

Ms. Rosemarie Leclair: The OEB approved the recovery of the cost for smart meters.

Mr. Peter Tabuns: Okay. The government just appointed Paul Pastirik, a former senior VP of Aecon, to the Ontario Energy Board. Aecon shares the mega contract to refurbish the Darlington nuclear plant with SNC-Lavalin. Many people blame Ontario's high electricity rates on the government's inability to rein in construction cost overruns related to nuclear power. Can you understand why the public might be worried to have someone with such close ties to the nuclear power industry serving on the Ontario Energy Board?

Ms. Rosemarie Leclair: The appointee brings extensive experience to the position—business experience, knowledge—that will be helpful in the roles. The board does have conflict guidelines and the appointee would not be involved in any decisions that relate to OPG and the nuclear aspects.

Mr. Peter Tabuns: The government just appointed Susan Frank, Hydro One's former VP and chief regulatory officer, to the OEB. Her job at Hydro One was to persuade the OEB to approve rate increase applications. Can you understand why the public might be worried to have someone who spent her career arguing for higher electricity rates serving on the OEB?

Ms. Rosemarie Leclair: Susan Frank is, as well, a very well-qualified member of the board. What we look for is expertise in a broad variety of disciplines. Regulatory expertise is an important discipline that Ms. Frank will bring to the board. Like all the appointees, we do have conflict rules, and Ms. Frank will not be sitting on any cases that relate to Hydro One.

Mr. Peter Tabuns: Are you familiar with the term that's used in the United States called regulatory capture, where the regulator tends over time to have their board populated by people from the industry they're supposed to be regulating, so that the interest to the public is not necessarily reflected in the composition of the board? Do you not have fears that this could happen with the OEB?

Ms. Rosemarie Leclair: The board has actually a varied composition. If you look at some of the membership that was appointed to the board not that long ago, many of those have good experience, but not energy experience.

Mrs. Laura Albanese: Sorry, Madam Chair—

The Chair (Ms. Soo Wong): Let me stop you right there. There's a point of order.

Mrs. Laura Albanese: A point of order: We're not here to interview the OEB. We're here to hear their thoughts on the budget.

Mr. Peter Tabuns: If I may address the point of order, Madam Chair?

The Chair (Ms. Soo Wong): Okay. Mr. Tabuns?

Mr. Peter Tabuns: I assume the OEB is here to enforce the government's argument that the OEB can regulate a privatized Hydro One.

Mrs. Laura Albanese: Absolutely, but—

Mr. Peter Tabuns: Yes, and I am pointing out that in fact that argument being made by the government has flaws.

The Chair (Ms. Soo Wong): Okay. Mr. Tabuns, you have to ask questions related to Bill 91. We've got to stay focused. The purpose of today's hearings is about Bill 91. So if this question pertains—

Mr. Peter Tabuns: Madam Chair, this is entirely about Bill 91 and whether or not a regulator in this new environment will actually be able to control that private corporation. If we have a process of regulatory capture, then over time the board will serve the industry rather than serving the population. That's the point I'm getting at.

The Chair (Ms. Soo Wong): The Clerk just advised me that if any question related to Bill 91—the fact that the question has to be related to Bill 91. And time is up already for your three minutes.

This round of questioning for the government side is from Mr. Baker.

Mr. Yvan Baker: Thanks, Ms. Leclair, for being here with us today. When I think about my role as an MPP and the people who I represent in Etobicoke Centre, I think of them as consumers and how they're impacted by consumers and energy rates. So could you speak more about what importance the OEB places on consumer protection in its rulings on electricity rate applications? Could you also expand on the rigorous process for reviewing these applications that are submitted to the OEB?

Ms. Rosemarie Leclair: The OEB has actually, over the last three or four years, started to take a much stronger consumer-centric approach in our view of rate applications. We've enhanced some of our processes in terms of ensuring that we provide broader notification. I don't know if you've seen our notices, but they are very much more consumer-friendly so that they let folks know what actually is going on and understand the applications. The outreach for those notices is much broader. OPG, for example—we published notice of our process in 81 papers across the province of Ontario to ensure that we reached consumers. We now invite letters of comment. You can provide comments to the board without having to become a registered participant. So we are searching out extensive ways of ensuring that we get the consumer's voice in the room and look at their issues.

In addition to that, as I've indicated, we provide significant funding for intervener participation in our processes. Regular interveners in our processes are interveners like the Council of Canadians, which represents consumers; Low-Income Energy Assistance, which represents consumers, vulnerable energy consumers—so significant, significant representation.

The process is rigorous. It involves thousands of pages of information, which is tested and reviewed by not only OEB staff but by the interveners, each and every one of them. If you speak with applicants who come to the OEB for their process, they will receive upwards of 350 to 500 questions that go through the details of their process.

The process also—

Mr. Peter Tabuns: Point of order: What does this question have to do with Bill 91? What does this presenter have to do with Bill 91? I've been hearing about the OEB. What about the amendments? What about the legislation? If my questions were out of order, then this presenter, who is not speaking about Bill 91, is out of order. Your questions aren't talking about the legislation—

Mr. Shafiq Qaadri: The presenter can say what they want, Mr. Tabuns. It's the questions that actually address—

Mr. Peter Tabuns: Well, Mr. Qaadri, things are in order and relevant to the bill or not.

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The Chair (Ms. Soo Wong): Okay. So the question is relevant to Bill 91, and the respondent, in this case Ms. Leclair, has to answer the question. The question was related to Bill 91. Your earlier question, Mr. Tabuns, was dealing with a governance issue of OEB in terms of vacancy—

Mr. Peter Tabuns: That's entirely what is at issue here.

The Chair (Ms. Soo Wong): Okay, so let's hear—

Ms. Rosemarie Leclair: The question was about consumer protection in the context of the rate process, and I think consumer participation in that has everything to do with protection. So their voice is heard; the process is rigorous; interveners go through the detailed review process. Those issues come before the board that makes a decision that tries to balance and align the interests of consumers with the needs of the utility. Ultimately, making those decisions, the board does have regard to what the rate impacts are and has mitigating policies and other tools that it can use to try and ensure that we have struck the right balance in our decisions.

The Chair (Ms. Soo Wong): Ms. Leclair, thank you very much for your presentation, and thank you for being here today.

DIRECTORS GUILD OF CANADA

The Chair (Ms. Soo Wong): The next presenter is the Directors Guild of Canada in Ontario. I believe it's Mr. Bill Skolnik. Good afternoon. As you heard earlier, you have five minutes, sir, for your presentation, followed by three minutes of questioning from each of the caucuses. This round will begin with the third party. You may begin any time, and please identify yourself for the purpose of Hansard.

Mr. Bill Skolnik: My name is Bill Skolnik. I'm the CEO and executive director of the Directors Guild of Canada in Ontario.

Thank you, Madam Chair and members of the committee, and good afternoon. I represent the 1,700 members of the Directors Guild of Canada who reside in Ontario. That's 52% of the entire Canadian membership. In 2014, this group accounted for 192,000 person-hours, and wages and benefits of almost $108 million.

We are the directors, the production designers, the art directors, the picture and sound editors, the assistant directors, the production managers, location managers, accountants and production assistants. We have members in each one of the districts represented on this committee. We are the folks who take producers' dreams and writers' stories and transform the dreams into a visual beauty. It's our directors and designers and editors who realize this dream and our production managers and location managers and accountants who supervise this concept, and we do it all over Ontario: Degrassi, Next Step you find in Scarborough; Copper in Weston; Dan for Mayor and Dark Matter in Kitchener; Suicide Squad, Total Recall in Barrie, Shanty Bay and Borden; Colony and Frozen in Sudbury; Cracked, Enemy, Little Mosque on the Prairie in Etobicoke—in fact, it could have been called Little Mosque on the Humber; it would have been just as good. Fanshawe College in London produces a number of sound personnel. They're a top supplier and educator of folks who work in that area. My Big Fat Greek Wedding 2, which is going on, is in east Toronto.

So we are puzzled. We understand deficits and we understand the need to reduce the public debt, but we don't understand why there is a need to alter our industry, which consistently offers year-to-year a net benefit. We're puzzled, because even if you accept the notion of a production credit reduction of 14% and an OCASE reduction of 10%, why is this provision, in such an unorthodox, inexplicable, and unprecedented application, done immediately? Even beer got a transition.

We don't get why good corporate citizens are having the rugs pulled right from under them. This is good, solid, honest, highly skilled union work, and it's threatened. There's no need to sell anything here. We're already privatized, and the money stays in the province, so we're kind of puzzled, as I say. You are meddling with the golden goose. We don't get it.

We're puzzled why the vague and chaotic message re OCASE untethering, why that's occurring, and why you're abandoning your own market initiatives in post-production. It took years to demonstrate that this province was fully integrated, with a turnkey operation, providing soup to nuts in the screen industry.

I attended personally with an Ontario trade rep and a federal trade rep and the city at a Stuttgart festival that touted Ontario talent in animation, post-production and

VFX. Post-production is expanding exponentially and now it's threatened.

When you go to Hollywood, they ask you two main things. They ask you: "Are you stable? Is your tax policy consistent and reliable?" The second thing they ask: "Are you training? We're making a big capital investment and we need to know that you can provide a skilled workforce because we want to expand." Well, we can still answer yes to question two, but for question one, that trust is gone. I ask everybody on this committee to please reconsider Bill 91 and the provisions regarding the screen industry.

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

Mr. Peter Tabuns: Thank you, Chair. Bill, thanks for coming and making the presentation. The first question is, you're saying that the film industry puts more back into the economy than the credits take away from the provincial budget?

Mr. Bill Skolnik: Yes.

Mr. Peter Tabuns: Can you give us those numbers, roughly what it costs now to support the film and post-production industries and the total economic benefit?

Mr. Bill Skolnik: Well, we have a study that Nordicity did—I think some of you have that study—and it does provide those statistics. I believe the difference was about $84 million last year at least and $56 million the year before.

Mr. Peter Tabuns: So we get more back into the provincial treasury than we take out of the treasury?

Mr. Bill Skolnik: Yes. Also, when you do the multiplier effect—I'm giving you Nordicity's remarks.

Mr. Peter Tabuns: Yes.

Mr. Bill Skolnik: It's $1 to $7.

Mr. Peter Tabuns: Yes, and I have the same—

Mr. Bill Skolnik: You have the same study.

Mr. Peter Tabuns: —question. No, I had the same—it's the same puzzle for me. If you've got something that's actually generating that benefit to the provincial economy—a golden goose, as you say—why on earth you'd give it the axe is beyond my understanding.

Mr. Bill Skolnik: That's why I'm here.

Mr. Peter Tabuns: What do you see is the impact to production in the next year?

Mr. Bill Skolnik: I can tell you that we believe that at this very moment, there's a total of over $500 million worth of production that's got to think about what they're doing, because it hits domestic as well. Whether that number will be—we don't think you're going to lose $535 million; I'm just saying that it's in jeopardy.

I can tell you that there is a major, major American studio that has cancelled its holds on equipment and facilities. That means vehicle rental agencies, hotels—not just studios, not just capital equipment, but probably airline tickets, a whole number of different things.

What else can I tell you? I have heard—this is all anecdotal, but I'm in the industry.

Mr. Peter Tabuns: Yes.

Mr. Bill Skolnik: There's a post house that is planning to move to British Columbia. That one is actually so puzzling, why this province has been spending money touting our post-production, saying how good we are, in direct competition with Montreal and Vancouver, and it's made it more difficult. We don't get that one. We can understand the logic behind some of it, even though we don't accept it, but we don't get that one at all.

Mr. Peter Tabuns: Yes. I find it a puzzler as well. Post-production—how badly will it be hit? I gather it's going to take a bigger hit than most other parts of the industry.

Mr. Bill Skolnik: Yes, we think so. I don't know that. I mean, it was growing, and it was growing so much that we had to go out and recruit people for sound editing. We had to get people in to give them permits and so on from other parts of the industry. We didn't have enough members, which we didn't want to tell Hollywood—

The Chair (Ms. Soo Wong): Mr. Skolnik, I need to stop you here.

Mr. Bill Skolnik: Sure.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Ms. Soo Wong): We'll go to Ms. Albanese.

Mrs. Laura Albanese: Thank you so much for your presentation. I want to reassure you that our government has demonstrated to have faith in the cultural industries. I was parliamentary assistant to the Minister of Culture and then tourism and culture for a while, and I certainly learned a lot about the cultural industries. I think we reiterated it also in the 2015 budget in many ways, because we have made, for example, the Ontario Music Fund now permanent, with $15 million there. We're also putting forward over $400 million for the cultural media tax credit and renewing the interactive digital media fund. So I think that it's in everybody's interest that this industry remain sustainable. I do understand your concerns.

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One question that I do have is, how do you think that Ontario's rates compare to other jurisdictions? My understanding is that 21.5%—

Mr. Bill Skolnik: Sorry, somebody coughed; I couldn't hear what you said.

Mrs. Laura Albanese: My understanding is that the 21.5% would still put us ahead of British Columbia and ahead of Quebec. What are your thoughts on that?

Mr. Bill Skolnik: Well, yes, ahead of British Columbia, although they have other aspects that give them an advantage: time zone, proximity. We're not ahead of Quebec. Manitoba is actually better than everybody, but it's Manitoba: They don't have the facilities or the personnel.

Mrs. Laura Albanese: They don't have a hub, I guess, the way we do.

Mr. Bill Skolnik: No, so it's an unfair comparison. But we are not ahead of Quebec. Quebec has criteria that is much broader than ours. I don't have my papers with me to go into detail, but I can certainly provide them if you would like. It's known in the industry right now that, in terms of the major players, it's Quebec number one, Ontario number two and British Columbia number three in Canada. And of course, we have competition around the world for this. That's the nature of it.

Mrs. Laura Albanese: Okay. Well, my understanding was that the rate in Quebec—I don't recall exactly what it is, but it was a little bit lower than what we're proposing—

Mr. Bill Skolnik: Yes, it's 20%, but it encompasses so much more, so you're better off there.

Mrs. Laura Albanese: It's the broader concept that is important to take into consideration.

I know you're making a case for the transition—and I guess even the others that we've heard today—for the grandfathering, but I just want to reassure you about the interest that we have in the sustainability of the industry.

Mr. Bill Skolnik: Thank you.

The Chair (Ms. Soo Wong): Thank you. I'm going to Ms. Martow.

Mrs. Gila Martow: Thank you very much for coming in, Mr. Skolnik. My sister Judy Gladstone worked for a couple of years specifically in television and in the arts. She saw Toronto become an international city, not just in North America, between TIFF and Nuit Blanche and everything we have going on here. She has the sense that we're sliding, and I think something like this exacerbates that.

I want to ask you what you think this government is expecting to happen when they don't allow industry to plan. You're specifically here for the film industry, and the reality is that people plan years ahead for a film, and if this isn't done in a grandfathered way or people aren't being told, "In 10 years, or in five years, we're going to do this"—and suddenly it's next year. Is there a lack of trust, do you feel, that people planned on having these credits, and now they have to redo all their financing, and maybe the projects can't go ahead? Is that your concern?

Mr. Bill Skolnik: Yes. The proof will be in six months to two years. We can't tell yet, because if you've got $20 million invested in a project that's here in the next six months, you are not going to pick up your marbles and go. But you're not going to put your next $20 million here, and that's where you'll see it.

Mrs. Gila Martow: Yes, so that is I think everybody's concern, that we're losing industry. We have high hydro rates in the province now, and we're very concerned about job loss. The oil industry isn't going to be able to carry the country and things like that necessarily. We do want to see the culture and the film industry and the jobs stay in the province. So I really want to thank you for coming in.

Mr. Bill Skolnik: Thanks.

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

ASSOCIATION OF INDEPENDENT ASSESSMENT CENTRES

The Chair (Ms. Soo Wong): The next group coming before us is the Association of Independent Assessment Centres. Good afternoon.

Ms. Tracey Glionna: Good afternoon.

The Chair (Ms. Soo Wong): I'm not sure you heard earlier. You have five minutes for your presentation, followed by three minutes of questions from each of the caucuses. This round of questioning will begin with the government side. You may begin any time, and when you begin, could you please identify yourself for the purpose of Hansard?

Ms. Tracey Glionna: Yes. Chair, ladies and gentlemen and honourable members of the standing committee, thank you for allowing us to speak to you today with regard to Bill 91. I'm Tracey Glionna. I'm the president of the Association of Independent Assessment Centres. Our association represents independent businesses and thousands of health care professionals all across Ontario and, as well, across Canada. We conduct probably up to 50,000 neutral third-party evaluations every year: auto insurance, disability benefit assessments, short-term/long-term disability, medical, legal—a number of different types of assessments, specifically to provide opinion on entitlement to benefits of some sort.

We're here today to discuss how Bill 91 will impact the auto insurance sector and, ultimately, our members, as well as Ontarians in general. Schedule 17, section 3, sets out a framework for changes to auto insurance benefits related to catastrophic injury and other impairments that the government announced in its budget. While some of these changes will be made in the future through regulations, it's our hope that the committee will seriously consider the concerns that we would like to point out today.

It's the government's intent to increase the standard benefit level for medical and rehabilitation benefits to $65,000 and to include attendant care services, as well as an option to purchase increased coverage of up to $1 million. The AIAC is concerned for Ontarians who will likely fall outside of the standard benefit category, but who are not deemed catastrophic. That would include serious impairments such as traumatic brain injuries or anything like that which may not surpass the catastrophic threshold. While the increase appears generous, certain claimants—such as those with pre-existing impairments or disabilities, the geriatric population and anyone suffering from a debilitating or serious impairment—will have a significant disadvantage with the elimination of direct access to attendant care benefits, as the proposal now suggests they be included in med rehab, as opposed to a separate benefit.

Reducing the standard duration of medical and rehabilitation benefits from 10 years to five years for all claimants, with the exception of children and catastrophic impairments, also puts those with serious impairments at a disadvantage. There are a number of serious impairments that could be permanent, but not necessarily catastrophic. We ask that the committee carefully consider seriously injured claimants in Ontario when looking at these changes.

Additionally, we believe that there is a significant problem with Ontario consumers' lack of understanding of auto insurance policy. The majority of Ontarians are focused on reducing their premiums, especially when we're such an expensive province for insurance premiums. They don't necessarily read through or understand the implications of significantly reduced benefits, as we've seen in the last few years. Looking at these specific changes to the benefits, we recommend that the government also consider implementing a more rigorous education program for consumers to avoid unnecessary hardship, so that Ontarians really understand what they're purchasing with their policies.

The government also intends on eliminating the six-month waiting period for non-earner benefits and limiting the duration to two years after an accident. We would request that the committee seek clarification on the definition of "non-earner benefits," specifically "complete inability," which is what that test involves.

The AIAC supports the revision of the definition of "catastrophic impairment." That being said, there are currently only a few hundred properly trained and qualified experts in Ontario to conduct these complex and important assessments. In the event that there is any change, there should be an appropriate rollout period allowing for proper training and certification. In addition, the $2,000 cap for these complex assessments, specifically the catastrophic impairment assessment, remains a real problem here in the province of Ontario. Many of our best experts have stopped doing these assessments because of financial restraints due to the cap.

As I stated earlier, while many of these specific changes will happen through future regulations, we hope that the committee seriously considers the concerns we've raised here today on changes to the framework of auto insurance benefits. Thank you.

The Chair (Ms. Soo Wong): All right. Thank you very much. I think Dr. Qaadri will begin the questioning.

Mr. Shafiq Qaadri: Thanks to you, Ms. Glionna. As a physician, of course I support and salute the work that you've been doing representing the Association of Independent Assessment Centres. I no doubt have in my own acquaintance some of those assessors.

I think you've made a number of quite reasonable and valid, and helpful, I would say, suggestions with regard, for example, to the rigorous education of the public, specification of the non-earner benefits and, as you've quite rightly said, time enough for appropriate training and certification for assessors. I think we'll obviously, when we have the opportunity within regulations, revisit some of those issues.

Several things, just perhaps to highlight: As you know, there was a fairly rigorous consultation process, which has essentially been going on, I would say, for the last at least four to five years. One of the issues that did come up, of course, is this issue of catastrophic impairment. I appreciate your comments on that, and no doubt the government will take your comments to heart and under advisement.

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One of the things that we've been attempting to do to maintain a balance, as stewards of the auto insurance industry, whether it's the benefits to individuals who may suffer from accidents and disabilities and so on, be it catastrophic or less than that—and of course, as you've rightly cited, the never-ending battle to reduce insurance premiums. As part of the strategy for that, as you know, we're eliminating—or reducing, I should say—the catastrophic impairment benefit from $2 million to $1 million, by combining both the medical rehabilitation and attendant care components into a $1-million limit.

Of course, there are some issues with regard, as you said, quite rightly, to the definition of that, because there may be—as a physician, of course, I can attest to that personally—disabilities, impairments, or problems, illnesses, maladies that people suffer from that are debilitating, life-long, chronic, ongoing, unremitting, but nevertheless may not meet the strict definition of "catastrophic." Of course, that's where the whole training issue for assessment comes in as well.

We do continue to maintain the automatic designation of catastrophic impairment for brain-injured children. As you know, that has a particular legal framework, or I guess medical-legal framework meaning, because it provides immediate access to necessary treatment.

There are also new interim benefits that are going to be established to provide additional coverage to support recovery for those patients who have serious injuries in advance of a catastrophic determination so that they may not necessarily be left in the lurch, as it were, until that official designation and assessment happens.

I think one of the things that you will appreciate—and certainly physicians and other health care providers are held to a high standard in terms of maintaining certification and their knowledge base. There's a number of new definitions and new medical tools that are being rolled out, whether it's at the College of Family Physicians, the Royal College of Physicians and Surgeons, the College of Physicians and Surgeons of Ontario—which, as you know, is our regulatory body—to essentially measure, track and detail these impairments over time. Of course, that will lead to many things like updating of conditions and injuries, and the strict definition.

So I think what I would say is that we hear you. We do have opportunities, as I say, to revisit a lot of these issues and work out some of the details in terms of the regulatory framework. But as I'm sure you can appreciate, as stewards of, first of all, the public's health but also public auto insurance, these are some of the challenges that we have. So I—

The Chair (Ms. Soo Wong): Okay. Dr. Qaadri, I need to go on to Mr. McNaughton for the questioning.

Mr. Monte McNaughton: Just to follow up on what Mr. Qaadri was asking around the consultation process: Can you explain how your association was consulted? He alluded to the fact that there has been consultation for four or five years.

Ms. Tracey Glionna: Yes.

Mr. Monte McNaughton: I'm assuming—you can correct me if I'm wrong—that you were surprised to see schedule 17 in the budget, or the concerns—

Ms. Tracey Glionna: No. We were in the loop and pretty prepared for a lot of the changes. We knew that the catastrophic definition was long overdue for a refreshed clarification. Our province has been using the fourth-edition AMA guides, whereas in the majority of the states and provinces, anybody who references that specific guide, they've all moved on to the fifth and sixth edition. But the problem is that the fourth edition, for catastrophic impairment determinations, obviously, was the least ambiguous. It was sort of a lock-down process.

Of course, with these types of assessments that we're conducting, there's a significant med-legal component to them because there's usually litigation involved. The sheer entitlement of millions of dollars is an important assessment, obviously. To sort of restrain the process a little bit, the fourth edition was easy. It was clean, it was small, and everybody was trained in it. So a jump now, possibly, from the fourth edition to the sixth edition—you'll have a lot of physicians here in the province who have currently been doing this type of work that perhaps aren't familiar with that. That's what we were referencing.

We did offer submissions to the Catastrophic Impairment Expert Panel, which is probably, I believe, the panel that he's referring to that has been very, very busy looking at the definitions. We support most of the changes that that panel has put forward. It's just a matter of that timeline to make sure that those experts currently doing that work are up to date and able to handle some of those changes. Because there are a lot of different diagnostic tools, as he mentioned, that are also being referenced in the suggested changes, such as the ASIA tool and the GOSE instead of the GCS—some of the important changes that we did have an opportunity to submit and be heard on, and I believe we were.

Mr. Monte McNaughton: Thank you.

Mrs. Gila Martow: I just wanted to ask very quickly: It seems sort of strange that the amount paid out to support people for catastrophic injuries would go down when we all know that expenses go up. If you look back, say, 10 or 20 years ago, $2 million then would not go as far now. Do you find that sort of backwards? Do you feel that it's not taking into account inflation?

Ms. Tracey Glionna: It's a tough question to pose to us because we see so much of the system, and our system has been terribly broken for many years. In Ontario, basically, claimants win the lottery. Great steps have been taken to sort of fix that problem and make insurance premiums more affordable for consumers here in Ontario.

The very practical problem with the system is that there is such a small percentage of catastrophically impaired claimants that are deemed catastrophic—thank goodness. You don't want to be assessing those patients and you don't want to see those people in the system. They do exist, but it's such a small percentage that for years they haven't been the focus.

If you look at the sheer numbers, I believe that as of last year, less than 5% of claimants are deemed catastrophic. That's a very small number, but they're also the most important percentage of the population of claimants that physicians and experts like ours will ever assess.

The Chair (Ms. Soo Wong): Sorry; I need to interrupt. I'm going to ask Mr. Tabuns to begin his questioning.

Mr. Peter Tabuns: Thank you, Chair, and thank you, Tracey, for being here. The government is cutting 50% of benefits for a segment of Ontario's most vulnerable population, the ones you just referred to, individuals with catastrophic injuries. The government is also reducing the duration period in which accident victims can receive medical and rehab benefits by 50%.

To us, it looks like the government is heavily leaning toward the interests of the insurers and not toward those who are consuming that protection. Do these measures seem reasonable to you?

Ms. Tracey Glionna: Honestly, no—I have to be honest—because all we see are people who have some type of impairment. Our membership, obviously, are all medical health care providers.

They have all suffered some type of impairment if they are coming to us for an assessment, and obviously that assessment has been prompted by the insurer's request. But for as many denials as you may see, you see a significant number of approvals for more treatment, more funding, more assistance. We're the check and balance in the system. I do think that, unfortunately, we've had a system in place for more than 20 years now that has been very, very generous to Ontarians, and yes, we've paid for that. The changes we've seen in the last few years with the significant reduction of benefits and yet no reduction in premiums—there's a significant imbalance in the system, and that leaves Ontarians who have medical impairments, mental/behavioural impairments, at a significant disadvantage.

Unfortunately, representing our membership, we have to work within the system. These are decisions that are made beyond us, so we're trying to find a good balance. But I do agree with you: There is a significant imbalance there with regard to the dollar amounts that are now no longer available to Ontarians—a significant slash.

Mr. Peter Tabuns: So what will it mean to these people's lives?

Ms. Tracey Glionna: That's why we say it's a significant hardship to these people. When you deal with people with serious impairment—currently, our threshold for catastrophic impairment, just to try and generalize for you, is a 55% whole-person impairment. That's what you have to have, based on a very specific set of guides and a definition that's set out for us doing these assessments. That's a very tough test of disability to meet. If anybody in this room were to suffer anywhere from a 25% to a 50% whole-person impairment injury that was going to be with you for the rest of your life, you would be significantly impaired, regardless of what type of impairment. It could be a brain injury; it could be a spinal cord injury that has had great success and you've healed; it could be very, very complicated orthopedic surgeries that leave you with a limited gait or limited mobility. Those types of injuries and those claimants in the province of Ontario now are going to have nowhere to go for these benefits. There isn't enough funding or any of the specialized treatment facilities in the province, especially when you're looking at the rural areas. You look at northern Ontario; you look at our elderly population and pediatrics—

The Chair (Ms. Soo Wong): Sorry; I need to cut off this discussion. Thank you so much for your presentation and for being here.

Ms. Tracey Glionna: Thank you very much.

MR. LEN HOPE

The Chair (Ms. Soo Wong): The next presenter is Len Hope. Mr. Hope, welcome. I'm not sure if you heard earlier, Mr. Hope: You have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin with the official opposition party. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Len Hope: Thanks for the opportunity of speaking to you. I come from Port Elgin, Ontario. Also, in my private life, I take care of people who are retired, and I'm coming to you with that perspective.

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What I'd like to do is talk to you a little about Ontario Hydro and a couple of other things. I will not take very long. I have a presentation that is only one page. I have copies of my presentation for those people who would like it.

The sale of Hydro One is not well thought through. There are other ways that the finances of the province—with Hydro One, the rates are driven up. Electricity rates have—

Interjection.

The Chair (Ms. Soo Wong): I think the Clerk wants your documents.

Mr. Len Hope: Electricity rate increases are bad for consumers, bad for business and bad for the economy. Our rates are on the raise, and selling Hydro would make it worse. We are opposed to the selling off of Hydro. We support the increase in corporate taxes as a much better plan of action. We support capital investment.

The retired workers in the province, who I happen to speak more of—the people we represent all over Ontario—can't afford the electricity. Many seniors find their day-to-day living costs higher than they can afford. It goes also to our youth, and our youth are the future.

Hydro One makes over $800 million a year in Ontario alone. When it's gone, it's gone forever. The private sector will expect at least an 8% to 10% return on investment. Selling 60% of Hydro One will cost Ontario $338 million each year in lost revenue.

Selling Hydro One: What that does is the money that you have coming is just going to disappear. You erase that away and your costs keep increasing.

The sale of Hydro One is opposed by the Ontario PC Party, the Ontario NDP and the general public. We should stop and retain Hydro One in public hands.

The other thing that I just want to mention is that the budget is talking about freezing health care over the next four years. That would be catastrophic, especially to the group that I'm speaking about, the retired workers. There are a number of retired workers who are failing to be able to use drug plans that we have because of the cost in health care. If the cost goes up, it's going to make much—

The Chair (Ms. Soo Wong): Mr. Hope, can you wrap up so we can begin the questioning?

Mr. Len Hope: Yes. It's going to make it very difficult for a system for purchasing things like pharmaceuticals.

The Chair (Ms. Soo Wong): Thank you. Okay, Ms. Martow?

Mrs. Gila Martow: Thank you so much for coming in, Mr. Hope. I'm wondering what your thoughts are on why this government would want to sell Hydro One if, as you say, the public is against it.

Mr. Len Hope: The province has got a debt problem, and what they want to do is decrease the debt by selling Hydro One, getting all of the money. And when they put the money out—everybody has to realize that once they sold Hydro One, there is money, but then it's gone; and if it's gone, then everybody in the province is going to be having a difficult time with it.

Mrs. Gila Martow: They're actually not saying that they're going to pay off the debt. They say they're going to spend the money on infrastructure.

Mr. Len Hope: Hmm.

Mrs. Gila Martow: I'm going to pass it on to my colleague.

Mr. Monte McNaughton: I wanted to talk and ask you some questions about affordability issues for seniors in Ontario. I hear really sad stories in my riding, in southwestern Ontario, about seniors on a fixed income having to move out of their home that they actually have bought and paid for because they can't afford hydro bills, property tax increases and different things. Is that something that you hear from your network of friends?

Mr. Len Hope: I have a considerable number of friends all over Canada, but in Ontario I've heard that said. The biggest thing they talk about is the cost of their hydro bill, the cost of electricity. Leaving hydro as a public service is going to make a lot more difference to these people who complain about their hydro. The cost of hydro has gone up tremendously, and they need some help.

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

The Chair (Ms. Soo Wong): Mr. Tabuns.

Mr. Peter Tabuns: Mr. Hope, I'd like to thank you as well for coming here today. Port Elgin is not next door, so you've put some effort into being before us today.

Can you tell us what sort of changes people have had to make in their lives to deal with their higher hydro rates?

Mr. Len Hope: Well, our higher hydro rates lead to lack of money for purchasing food, purchasing their other points that they have to live on. In some cases—and this is a point that goes on for a lot of seniors—there's a number of people who babysit. That's only one small point, but they can't do as much. They can't travel as much to go out in the community and try to work with their children. Then there's the other points of distribution for your hydro, which creates a problem for the people who are trying to help their children, trying to help to educate their children, and it's something that doesn't really need to happen.

Mr. Peter Tabuns: Mr. Hope, my colleague Jennifer French, who represents the riding of Oshawa, has talked about families in her riding this past winter who effectively moved the whole family into one room, kept that room warm and kept the rest of their house cold. Have you seen similar things in your community?

Mr. Len Hope: I know a lot of people who do that. There are occasions when I've had to do that myself. When the winter gets to be a tough way to try to be living, you do have to do that. You do have to turn your hydro off. You do have to save. You live in one room, basically, when it's really cold because you're going to save on the hydro.

Mr. Peter Tabuns: And is this becoming more and more common in your communities?

Mr. Len Hope: Yes.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Ms. Soo Wong): Thank you, Mr. Hope. I believe Mr.—oh, I'm seeing two hands here. Mr. Milczyn, do you want to begin?

Mr. Peter Z. Milczyn: Thank you, Mr. Hope, for coming down to Toronto today. I really appreciate having you come down and share your views.

I don't know if you were here earlier this afternoon when we had the chair of the Ontario Energy Board speaking about how they function and how, regardless of who the applicant is before them for a rate hike, whether it's a publicly owned utility or a privately owned utility, there are things in place to ensure that actual ratepayers are allowed to be represented at a hearing on increased energy or hydro costs, and that there is a dialogue.

We've been talking a lot about what the potential increases in hydro rates will be, and I wanted to ask you whether you're aware of instances over the last few years where publicly owned utilities in this province have gone to the Ontario Energy Board requesting significant increases both in rates and also in their plans to invest in infrastructure and build it back up, and eventually been turned down by the Ontario Energy Board.

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I wanted to give you the example of Toronto Hydro, which went to the Ontario Energy Board about four years ago with a plan to spend $750 million on rehabilitating infrastructure that, in some cases, was 100 years old and was failing. The Ontario Energy Board turned them down, saying that they didn't have a strong enough business case to justify it and that the potentially increased rates as a result of it were unacceptable. That was a publicly owned utility going to the Ontario Energy Board, not trying to seek extra profit, just trying to seek money to reinvest in infrastructure and, because of the process in place to control rates and control increases, was turned down.

Those are the same types of provisions that are meant to be in place, continuing, with Hydro One regardless of who owns it. Does that give you some pause for thought and some more security about what the future might hold?

Mr. Len Hope: I'm not able to give you examples of a utility that has a problem and goes to the energy board to try to get either improvements for their business and the company or other—the fact that I find is that if somebody was going to be taking over Ontario Hydro, you're talking about a huge company, and if they come in and they decide that they're going to take up 10% or 15%, they're automatically going to be asking for their money. It could come in different ways, and the consumer and business would end up paying the bill, and I don't think it's right.

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

Mr. Peter Z. Milczyn: You're working with a lot of seniors in your community. You talked a little bit about health care and some of their concerns around access to health care. You made the statement that health care spending is frozen. I wanted to ask you whether you're aware that within this year's budget, health care is one of the only areas where there's an actual increase in spending, just over the rate of inflation, I believe. In terms of seniors, there's increased funding that was just announced by the Minister of Health around more supports for personal support workers and the health links program that's in communities that's trying to make sure that support for people in their homes is better and that there's more support and more choice for seniors in terms of selecting who their caregivers might be. All of that is being funded by the government and is part of this budget. Were you aware of that?

Mr. Len Hope: No, I wasn't aware of that particular statement.

What I do find is that there are a lot of things in health care that cost more all the time and that the home care and that kind of service isn't what it was meant to be. It's not—

The Chair (Ms. Soo Wong): Mr. Hope, I'm sorry to interrupt, but your time is up. Thank you so much for being here, and thank you for your presentation.

Mr. Len Hope: Thank you.

HORWOOD PENINSULA GROUP

The Chair (Ms. Soo Wong): Our next witness is coming to us by conference call: Mr. Marcel Cook of the road association. Mr. Cook, are you on the line?

Mr. Marcel Cook: Yes, I am.

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

Mr. Marcel Cook: Good afternoon.

The Chair (Ms. Soo Wong): My name is Soo Wong. I'm the Chair of the committee. I want to introduce all the members of the committee so that you know who's at the table. From the government side, it's Laura Albanese, Yvan Baker, Dr. Shafiq Qaadri, Peter Milczyn and Arthur Potts; from the official opposition, it's Gila Martow and Monte McNaughton; and from the third party, Peter Tabuns.

So, Mr. Cook, you have five minutes for the presentation, followed by three minutes of questioning from each caucus. This round of the questions will begin from the third party. You may begin any time. Please begin by introducing yourself for the sake of the Hansard. Thank you.

Mr. Marcel Cook: Okay, thank you very much. I am representing a local roads boards association. My name is Marcel Cook. I'm representing the Horwood Peninsula Group. We are a road association, not a roads board, and we are talking about the PLT taxes that are coming up.

We don't have an issue with the taxes that are coming up; our main issue is with local roads boards and roads associations. I don't know if your colleagues understand the difference between a local roads board or association.

Under a local roads board, the government provides grading, maintenance, ambulance services. They help maintain the road, they repair washouts, and they charge the cottagers so much for each cottage.

On a local roads board—

Interjection: Local roads association.

Mr. Marcel Cook: On a local roads association—I'm sorry—we pay all our maintenance, our washouts, if we have a washout, all by ourselves. We have no money from the provincial government, the federal government or from towns or anything like this.

So our local roads board—we have 65 cottages and we pay $250 per year on our local roads association. I keep saying "roads board"; I keep making a mistake.

So we pay out a lot of money to help maintain our roads and we get no help whatsoever. We have 60 kilometres of road that we maintain. I've been reading on some of your PLT taxes that we get services like fire, police and ambulances. We don't receive any of these services at all. In order to get some of these services, we have to maintain our road. If we do not maintain our road, we have no services of any kind. So there's a big difference between local roads boards and local roads associations.

We're not really complaining on the taxes; it's that we would like to see a better way of providing taxes. It would be nice if we, as a local roads association, could receive some money to help maintain our roads. This doesn't happen.

So the way we feel is that we're going to pay the increase on taxes and all these taxes are going to go to local roads boards and none of this to a local road association. We feel that this is not fair.

That's really what I have to say. I have costs here on items, like how much it costs us per kilometre and how much our cottages pay compared to other local roads boards. Our local roads association has CN using our roads, we've got forestry using our roads, we've got mining using our roads, and they don't pay anything and we keep paying to maintain the roads. So we feel, if the government could help us out in some way, it would be really, really appreciated.

The Chair (Ms. Soo Wong): Okay. Thank you very much, Mr. Cook. I'm going to turn to Mr. Tabuns to begin this round of questioning.

Mr. Marcel Cook: Okay.

Mr. Peter Tabuns: Mr. Cook, thanks for joining us this afternoon. This is an issue I hadn't dealt with before. How did you come into being? How did your association come into existence?

Mr. Marcel Cook: Well, what happened is that quite a few years ago, back in 1986, the road was put in by Millette Lumber. They went into Horwood, into a peninsula, and they brought in a road to cut their lumber. Then we cottagers just added on to this main road. Then we had to form something, because once the lumber company moves out, we have to maintain everything. It would be the same thing as a local roads board too, because at one time the lumber companies went in there, made roads, and they took it over and they eventually ended up the local roads board, but unfortunately, we ended up being a local association and we could get no help at all.

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Mr. Peter Tabuns: And why weren't you included in that local roads board? Why were you excluded?

Mr. Marcel Cook: Because we had applied one time and because that runs through the MTO, it would have cost each cottager $10,000 to bring the road up to date. It still was not guaranteed that the MTO would maintain our roads, and we didn't have the money for that. So we couldn't put that money in to do that.

Mr. Peter Tabuns: Okay. I don't have further questions. Thank you. I really appreciate your contribution.

The Chair (Ms. Soo Wong): All right. Thank you very much. Mr. Baker?

Mr. Yvan Baker: Thanks very much, Mr. Cook, for calling in. I have to say that the issue that you've raised around maintenance of roads is something that is close to my heart. I remember that years ago, when I was a child, my grandfather picked me up from school. He used to do that almost every day for a number of years. My parents worked. My grandfather used to sit me in the back of this large car he used to drive, and I remember having a conversation with him on a number of occasions as to why it was I couldn't sit in the front seat of the car with him. He said, "Just believe me; it's for your safety."

There was one day he was driving me home. We were driving along the road, and it was a wintry day—it might have been slushy or rainy, I don't remember, but the weather was bad. I distinctly remember that—I remember parts of this—my grandfather lost control of the car and ended up going into oncoming traffic. We ended up getting spun around and he was injured. I was injured a little bit, but very mildly as it turned out. Thankfully, I wasn't in the front seat. If I had been in the front seat, apparently I would have been hurt very, very badly.

Anyway, all this to say that the issue of making sure that the roads are clear and safe so that people can navigate those roads and not be concerned about getting to work or getting to school or getting home safely and on time—we don't want people concerned about that.

I think what I also wanted to just highlight is specifically what our government has been doing on maintenance of roads. Speaking to the story that I just told you, one of the things that I'm proud about as a member of this government is that we have some of the safest roads in North America. The government is working very hard—we're working very hard—to make sure that roads and highways are safe and that families across Ontario can rely on those roads and that they are the highest standards of safety.

The government is taking concrete action to improve our winter maintenance services this year. In fact, this winter we added 50 winter maintenance units to more frequently clear ramps and shoulders on our highways. We also added 20 new inspectors across the province to provide on-the-ground oversight during winter storms. This brings our total annual investment in highway maintenance to $387 million. That's this year alone, and this—

The Chair (Ms. Soo Wong): Mr. Baker, I'm going to just cut you off. I'm very sorry. I'm going to turn to Mr. McNaughton. Do you have a question for Mr. Cook?

Mr. Monte McNaughton: Sure. Thank you very much, Mr. Cook. For me, I just want to ask you a couple of questions because I'm not, I guess, up to speed with your situation. I represent a rural southwestern Ontario riding, and we have some issues with roads and who pays for maintenance, but not an identical circumstance to what you're facing.

Do you know of other situations like yours in the province? I'm assuming this is something that affects northern Ontario more than other areas.

Mr. Marcel Cook: Well, there are other road associations. There's one on Temagami—they have a road, and that's another association. It's not a roads board. I'm going to state, too, that we have to pay insurance on our road to protect ourselves, which local roads boards don't have to do.

Mr. Monte McNaughton: So where is your local municipality on this?

Mr. Marcel Cook: We're in the Sudbury district, okay? The closest place to, let's say, a town would be Foleyet, and Foleyet would be like a half an hour to turn in onto Kenogami logging road.

Mr. Monte McNaughton: And these roads just aren't recognized? Is that correct?

Mr. Marcel Cook: Yes. They're not recognized by the government at all. But yet we are still going to be paying taxes, you know? We're not recognized at all.

Mr. Monte McNaughton: And just for clarification, you said $31,000 was spent in 2014, so how much was collected? Do you have a total?

Mr. Marcel Cook: We spent, that year, $31,000, but it took us years to save up that money. That wasn't just done overnight. It took maybe six or seven years to do that, and we had to do the brushing and do some—we had a hill that got kind of washed out. We had to repair that, plus our gradings. We fell short of our gradings because of the money we had to put in, but it took many years to collect that money and save that money on the side.

We received nothing for that work, but we had to do that work to keep the road safe. We don't want to be brought to court, so that's why we ended up having to buy road insurance. I don't know if you've heard of the group FOCA. We went through them to get our insurance.

Mr. Monte McNaughton: And one other question: In order for the residents to be serviced by ambulance, OPP, the road has to be maintained; is that correct?

Mr. Marcel Cook: Yes. If we would not maintain that road, there would be no services of any kind. So when the government says that we get services, it's only if we take money out of our own pocket to maintain that road.

Mr. Monte McNaughton: Okay. Thank you very much. I think it would be interesting for this committee and for the government to recognize the number of roads in Ontario that are in the same situation as yours and just to take a look at that.

The Chair (Ms. Soo Wong): Thank you, Mr. Cook. Thank you for your written submission as well.

For the committee, our next witness is scheduled for 3:30. They're not here yet, so I'm going to recess the committee until 3:30, okay?

The committee recessed from 1500 to 1530.

ONTARIO NURSES' ASSOCIATION

The Chair (Ms. Soo Wong): I'm going to resume the committee. I believe the first presenter for this round is the Ontario Nurses' Association, and we have Vicki McKenna, first vice-president. Welcome. Are you going to bring your colleague with you, Ms. McKenna?

Ms. Vicki McKenna: Yes.

The Chair (Ms. Soo Wong): As you probably heard, you will be given five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round will be from the government side. As you begin your presentation, can you please identify yourself for the purposes of Hansard, as well as your position?

Ms. Vicki McKenna: Yes, certainly. My name is Vicki McKenna. I'm provincial vice-president with the Ontario Nurses' Association. I'm a registered nurse. Thank you very much for letting us come in today and speak with you about some very important issues facing nurses in Ontario. Joining me today is Lawrence Walter, ONA's government relations officer.

ONA is Canada's largest nursing union. We represent over 60,000 registered nurses and allied health professionals.

This afternoon, I'll provide you an update on the cuts to RN positions and hours at hospitals across Ontario in the short time since the pre-budget hearings in January when we reported this earlier.

As background for committee members, the care needs of our hospital patients are complex and, as a result, require care from registered nurses who have the skills and training to manage patients with unstable and unpredictable outcomes.

Members on the standing committee may recall the health minister responding to questions from the opposition on nursing cuts during recent legislative question periods. There are two themes in the minister's responses: Ontario has more nurses since 2003; and nursing cuts are the result of local hospital decisions about changes to programs and services. The minister, however, omits a couple of key facts: Ontario's population has grown significantly since 2003, and hospital base funding will now have been frozen for four consecutive years. This means that the ratio of RNs to population in Ontario is the second-lowest in Canada. Ontario has only 71 RNs per 10,000 population, compared to 83.6 RNs for 10,000 people in the rest of Canada. This means that each RN must manage increasingly high patient assignments, which, as research demonstrates over and over again, creates a practice environment where gaps may arise in patient assessment, recovery and care planning.

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 in patient mortality. RNs have a direct influence on patients, improving their quality of life and decreasing the length of stay.

The 2015 Ontario budget does not address this untenable gap in RN care for our patients since hospital base funding is now frozen for a fourth consecutive year. This is where the minister must acknowledge that changes to hospital programs and services are not random or based on some sort of ebb and flow. Hospitals are making care decisions strictly based on financial considerations because hospitals are underfunded.

Hospital decisions to cut RNs are being driven by cost-cutting and by providing lesser qualified staff, not by improving clinical care for our patients. Fewer RNs mean worse outcomes and higher expenses.

The current reality is that the nurse-to-patient ratio in Ontario is becoming unsafe, unmanageable and dangerous for patients and increasingly so for nurses. We're calling on the government to stabilize Ontario's RN care with that provided in the rest of the country.

We are calling for an end to frozen hospital base funding. Ontarians have lost more than three million hours of care from registered nurses as a result of the past three years of frozen funding for hospital budgets. More than 800,000 hours of RN care have now been lost in the first four months of 2015 alone.

We know that higher levels of RN staffing in hospitals are essential to care for patients with complex and unpredictable conditions. Remember, this is where our sickest Ontarians are cared for, and they need more RNs, not less.

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections and complications that are mitigated through early intervention to more rapid patient recovery to shorter hospital stays, and that equals less cost.

Nurses are asking: Why is the government risking our patients' recovery when the evidence is clear? Why is the government allowing hospitals to put in place staffing models where evidence clearly shows that patient care is negatively affected?

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

Ms. Vicki McKenna: There's a sampling of RN cuts just in your ridings alone that are listed below. I can provide them to you in more detail. The list totals 417 RN positions cut since January 2015. Ontario must change its course before it's too late.

The Chair (Ms. Soo Wong): Okay. Thank you very much. I believe we're starting with the government side. Dr. Qaadri.

Mr. Shafiq Qaadri: Thank you, Ms. McKenna, as well as Mr. Walker. I think, as a fellow health care practitioner, you and I share similar goals. Of course, we in the government recognize the important contribution of nurses and, in particular, the Ontario Nurses' Association for all that you do representing 60,000 RNs and other allied health professionals, whether it's in community health care centres or long-term-care centres, public health situations, clinics and even beyond, in industry.

I think as well, Ms. McKenna, you can appreciate the balancing act that governments need to engage in, trying to maintain a high-quality, accessible, publicly funded health care model. We certainly take what you have said and the specific examples, I think a number of which you didn't actually get to but we have here in your written submission. I'll certainly take that back to the government during our deliberations on Bill 91 and, of course, particularly with reference to the health care budget.

Perhaps just to remind my fellow committee members, my colleagues, and to the Ontario Nurses' Association, I would just like to cite perhaps a few key numbers that may be of interest and I guess material to this particular discussion.

The first is with regard to hospital funding. Since we took power in late 2003, the budget of the government of Ontario directed towards hospitals has increased from $11.3 billion to $17 billion, which by any way of parsing or dissecting or actuarial tables or whatever is an extraordinary commitment, something on the order of about a 50% increase.

I would also, with respect, just remind you that the government of Ontario has employed from that day to this 24,000 more nurses who are now eligible to practise in the province of Ontario. I repeat: 24,000.

I don't think you have to go back too early in history to confront a government that was excellent for nursing care. Unfortunately, those nursing jobs were actually in

Dubai or Dallas or Bahrain. That is the previous PC government that fired 10,000 nurses and also is on record publicly as equating nurses—which profession, by the way, our Chair serves in as well—to essentially expired hula hoops.

So I certainly appreciate what you're saying. There are obviously a lot of growing pains as we in the government transform health care and attempt to seek the best value for money—

Ms. Vicki McKenna: Is there a question?

The Chair (Ms. Soo Wong): Dr. Qaadri, I'm going to have to cut you off because the three minutes—

Mr. Shafiq Qaadri: Thank you.

Mr. Walter Lawrence: Sorry. Was there a question?

Ms. Vicki McKenna: Is there a question? I was waiting for a question.

Mr. Walter Lawrence: I thought this was about questions.

The Chair (Ms. Soo Wong): Every caucus gets three minutes, whether it's a statement or questions. I'm very sorry.

Ms. Martow, you have three minutes to ask the presenters.

Mrs. Gila Martow: Thank you very much for your presentation and for coming in today. I think we all understand that there's only one taxpayer, and the taxpayer trusts the government, as my colleague across the room just said, to maintain the publicly funded system. What I would ask you to answer, and maybe direct it towards him, is this: Is publicly funded health care being maintained right now?

Ms. Vicki McKenna: This is a grave concern to us as we continue to move forward to have the fewest hospital beds in the country in regard to our population base. We're spending the lowest amount of dollars per individual on health care. While the health care dollar and costs may have risen since 2003, that's 12 years. This is 2015. The last four years, hospital base budgets have been zeroed. They are sitting at zero. They can't maintain inflation. They are laying off nurses. They're closing beds.

I was in Kenora yesterday; 250 citizens were at a town hall meeting there because they are so concerned about their hospital services. This is happening in communities right across this province, and we can't ignore that.

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Registered nurses are valued in the system. We need them at the bedside, and they are being pushed away from the bedside. New graduates have little hope of a full-time job. They are leaving the province and leaving the country. This is not an acceptable situation for registered nurses, or Ontarians, for that matter.

Mrs. Gila Martow: I think—and maybe you can speak on it—that the population is aging, so that puts added stress on the health care system. The population has also risen significantly, as you said in your presentation.

Ms. Vicki McKenna: Yes.

Mrs. Gila Martow: There's also inflation and raises. What I would want to ask you—to wrap up—is, do you see that too many health care dollars are going to administrative costs and not enough for front-line care?

Ms. Vicki McKenna: Certainly there seems to be a growing administrative cost in many of our organizations, and you'd have to pull the hospital balance sheets to look at that more carefully, but we see that happening. We have fewer people at the bedside and a growing inverted pyramid at the top, and that is very concerning—

Mrs. Gila Martow: Right. Not just at the hospital level but with the LHINs and the CCACs.

Ms. Vicki McKenna: Yes. Our LHINs are very expensive administrative organizations.

The Chair (Ms. Soo Wong): I'm going to stop you there. Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Vicki, Lawrence, it's good to see you this afternoon. In the context of hospital budgets being frozen and the expectation that privatization of Hydro One will drive hydro rates up even higher, does ONA support the privatization of Hydro One?

Ms. Vicki McKenna: We don't support the privatization of public services. We believe that the situation is growing, and growing to the point that it's almost like a destruction by design, that little pieces are falling away and being privatized along the way. There are eager people ready to take it on, and I think we all need to be alert and watch for that.

I don't believe that Ontarians believe in the privatization of health care. I think they find that abhorrent, and certainly everywhere I've gone, I've not heard people speak about, "We need to privatize our system." The more and more fragile it becomes, the more there are people who are ready to step in and save the day, and those are people who are looking for profit, not looking after Ontarians.

Mr. Peter Tabuns: Will this budget help or hurt the health care system?

Ms. Vicki McKenna: Certainly in regard to hospitals, we believe it's hurting them terribly. I've been in the system over 30 years as a working nurse, and there was fat in the system. I saw money being spent in places that had nothing to do with health care and on initiatives that had nothing to do with health care—not even closely related.

I believe there was a time for there to be close attention, and that oversight and a higher transparency—I think that has happened and is happening, but I think we're cut to the bone now in these hospitals. These are where our most vulnerable people are, and they deserve to be cared for properly and not at a bare-bones minimum.

Mr. Peter Tabuns: Thank you very much. I have no further questions.

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

ONTARIO SPINAL CORD INJURY SOLUTIONS ALLIANCE

The Chair (Ms. Soo Wong): The next presentation is from Spinal Cord Injury Ontario. I hope I say the two presenters' names correctly: Peter Athanasopoulos and Danny Mazor; right?

Mr. Peter Athanasopoulos: I'm Peter Athanasopoulos.

Mr. Danny Mazor: Danny Mazor.

The Chair (Ms. Soo Wong): Thank you for the correction.

As you heard earlier, you have five minutes for your presentation followed by three minutes of questions per caucus. This round of the questioning will begin with the official opposition party. When you begin, can you please identify yourself and what position you hold with your organization?

Mr. Peter Athanasopoulos: Sure. Has everybody received our text?

The Chair (Ms. Soo Wong): Yes. The Clerk is coming around. You may begin.

Mr. Peter Athanasopoulos: Okay. Excellent. Again, my name is Peter Athanasopoulos, and I'm here representing, in fact, the Ontario Spinal Cord Injury Solutions Alliance, which is under the leadership of SCI Ontario and the Ontario Neurotrauma Foundation. We are an organization of 70-plus members who work together collectively to address and resolve systemic barriers that affect the impact and quality of life of people with spinal cord injury.

We're here today to talk about the proposed changes in auto insurance announced in the 2015 budget. We cannot understand how they are reducing accident benefits by 50% across catastrophically injured individuals. In your packages, you will find numerous examples of people with spinal cord injury specifically requiring more than $1 million of accident benefits over their lifetime. I am not here to be an expert around the definition of "catastrophically injured" and there's more than one cohort of people with disabilities under that definition, but if you pull out the spinal cord injury, the cohort of that definition, I could almost guarantee you every single time that they will need more than $1 million in their lifetime of accident benefits. This shift in this budget will only transfer resources from the private sector to the public sector.

I heard the last presentation talk about how we have to sustain our health care system. This decision will not sustain our health care system.

Our recommendation today is to work with the Ontario alliance. We can assemble a team of experts that can create the proper thresholds and include the Insurance Bureau of Canada and the insurance brokerages of Canada as well to come up with the appropriate threshold for the most vulnerable population.

I'd also like to introduce to you my colleague Danny Mazor, who's going to give you some life experiences of the services he requires to be independent.

Mr. Danny Mazor: Hi. I'm basically your poster boy for insurance. I've been injured for 20 years. Thank God for Canada, that we live in a good country. I did not have insurance, and most of my friends who were injured did. It has been figured out for me. Privately, my family helps me. I work a little bit as a musician. We spend $95,000 to $100,000 on private care for myself. This is basically done from my family's pocket. We're not rich. It's very, very tough. With this cutting of the budget, it'll be impossible.

Every day I see nurses coming to my home—I have lots of private help. I live a good life, but it cannot be done if things are cut. I always tell people that I'm a blink away from you. The only difference between me and you is that I was in the wrong place at the wrong time. You've got to get together with the SCI foundation. Really, they're the best people to figure out what the best way is to approach this.

I'm telling you, if the budget is cut, there are going to be a lot of people lying in a bed and just staring at a ceiling, wanting to commit suicide because a catastrophic injury like this—from one day walking to the next day, you need help; there are no words to describe this type of transformation. Without SCI, we can't do it.

Mr. Peter Athanasopoulos: We hope you take this testimony seriously and really encourage our government to look at these auto insurance benefits and their thresholds because we feel that we can provide support in that. The budget can't go through with just the 50% reduction. It will destroy people's lives and we will be more dependent on the health care and public system. We hope that you can consider making amendments to this Bill 91 to ensure that people are having the appropriate services under the catastrophic injury legislation.

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

Mrs. Gila Martow: Thank you very much for coming in today. I know it was difficult for you to come, so I'm especially thankful. It's obvious that the government isn't cutting the catastrophic payments by half in order to advance better outcomes for people who are in dire circumstances. It's all to have a way to cut insurance rates. I think that making promises to cut insurance rates—what people expected is, they expected the government to find efficiencies in the system, to get rid of fraud or overhead costs in some manner. Do you feel that the government is assuming that, just like with health care, until somebody is in the situation, they won't have that expectation and they won't be worried enough?

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Mr. Peter Athanasopoulos: I can appreciate our government's commitment to reduce fraud within the insurance industry, but not on the backs of the most vulnerable people who require the most benefits. I'm not sure why they're making this decision, and I understand they're trying to make efficiencies, but at the end of the day it's going to cost us more money.

For example, if you hit me in your car and I get injured, and the threshold is not enough to support me, what do you think is going to happen? Ugly tort claims, where people are going to go after people's assets, go after people's homes, and the duration of court cases will be prolonged to five, six, seven years. What do you think is going to happen between those five and seven years during that claim? People will be on social assistance.

We need to come up with better efficiencies. This is not an efficient way of improving premiums within the systems in service. In fact, it's going to make it a lot more ugly and people are going to suffer more.

Mrs. Gila Martow: Would you advise people to get extra coverage? I think Danny said that he didn't have insurance at the time.

Mr. Peter Athanasopoulos: Absolutely, we would advise people to get more coverage. That's part of the reason why we've connected with the insurance brokerages of Canada, to help them recognize that when they're advising people on insurance, if they're not advising them how much they actually need, particularly for those with severe catastrophic injuries, the population is just going to turn around and sue them back for not advising them properly.

Mrs. Gila Martow: Exactly. We're hearing from people who haven't been injured, they've just had health problems, that they're advising their friends to have insurance if they're under 65 in the case of a stroke. It's not just about people in catastrophic injuries that they are concerned about insurance coverage.

Mr. Peter Athanasopoulos: Absolutely, but we're grouping spinal cord injuries within a definition that also includes whiplash, also includes possibly amputees. I'm not an expert in the entire spectrum of who's deemed catastrophic, but I know that people with spinal cord injuries are the most expensive of the cohort of which catastrophically injured is identified within the definition. It is completely short-sighted to just make a decision to just cut it by 50% and feel that that's going to resolve fraud issues in Ontario.

The Chair (Ms. Soo Wong): I'm going to need to stop you there. Mr. Tabuns.

Mr. Peter Tabuns: Mr. Mazor, Mr. Athanasopoulos, what you've said today is pretty powerful. We've had other people speak to us today about the impact of these cuts. I don't know how to actually make your case any more strongly than you have. How many people are affected in this way in Ontario? Do you have a sense of the numbers?

Mr. Peter Athanasopoulos: Every day there's a person with a spinal cord injury in Ontario—every day. If we look at the traumatic so that we can cut that by half, because there's a high population by non-traumatic—so we're looking at about 300 cases a year.

Mr. Peter Tabuns: Over 10 years, over 20 years, you're talking thousands.

Mr. Peter Athanasopoulos: That's right, and people like Danny and I, we require attendant services for life. Half a million dollars in accident benefits to cover just our attendant services alone won't cut it. This government worked really hard to enhance PSW services, worked really hard to expand attendant services from a gap of 5,000 people waiting on attendant services who couldn't live in their homes and had to live in hospital. They've done such a good job in that way, and now this wait-list that they're trying to eliminate is only going to grow faster from the private sector, not the people who need it most. I can't stress enough how much of a mess this is if this goes through.

Mr. Peter Tabuns: No, I think you've made it abundantly clear what kind of mess it's going to be if it goes through. There's a lot in this bill that I oppose. There's a lot that I see as immoral and wrong, but this may be the most outrageous element of all. Thank you.

The Chair (Ms. Soo Wong): All right. Mr. Potts, you want to ask a question?

Mr. Arthur Potts: Yes. Thank you, Mr. Athanasopoulos, for being here and making the case. You have made a very convincing argument about it. I know that the rationale that we're seeing on the government side is about balance. It's not about going after fraud, obviously. Someone with a catastrophic injury—there's no fraud associated with it. It is about looking for efficiencies in the system, and the evidence is suggesting that, on average, the use of people in a catastrophic injury situation—that they weren't reaching the one-million-dollar threshold and that the additional million was unnecessary in the system.

Some of the numbers you're giving us here from the American jurisdictions are saying a different story, and I'd be more interested in hearing more about what we have to see about the Ontario experience.

So it is about trying to balance between lowering insurance rates as opposed to providing comprehensive coverage, but we did go forward with a new definition. Do you have a sense of that? I know you mentioned you're not here as an expert on the definition, but are you comfortable with the definition we came up with?

Mr. Peter Athanasopoulos: Well, there was a proposed definition, and my understanding is that the regulation has not been put forward yet. We were part of the 2013 proposed recommendations, and we worked really closely with FSCO where we brought together every single physiatrist who serves people with spinal cord injury to make amendments to those definitions, and they in fact made those changes in the superintendent's report. It is, in fact, the last attachment in the document I provided today.

The experience of people we can bring forward to give best advice on this decision is tremendous. With the 70-plus organizations that are working together to leave their organizations at the door, come to the table and do what's right for people with spinal cord injuries—it's huge.

We do have some statistics for you in Ontario. In the second appendix of that slide, we took about eight random cases and did a future cost analysis of those eight random cases. Has there been a research study specific in Ontario? No. We found one in Alabama, but we'll do one—

Mr. Arthur Potts: It's okay. We have been getting a lot of heat during the course of the day about this decision from different organizations, and it's somewhat ironic in that I believe we're the only province that has catastrophic insurance threshold minimums. We're moving them from \$2 million to \$1 million, but, again, we are a leading jurisdiction in this area, and it does allow opportunities for people to—Mr. Mazor, I know you weren't covered by insurance, but you must give some credibility to this government for at least having this threshold limit for people's insurance?

Mr. Danny Mazor: Yes.

Mr. Peter Athanasopoulos: If I can speak to the threshold. First, I just want to say that we're a government that builds Ontario up and not leaves anybody behind. Since when do we compare other provinces to find out what's best for Ontarians, right?

We're a leading province in this country. For years, we have provided the best-quality services, and for the purposes of efficiencies and balancing a budget, we're going to look at the most vulnerable people and look at creating more efficiencies when they need the services the most—I don't find that's just.

Mr. Arthur Potts: Right. Well, you were the last deputants here today but by no means the least important. Thank you very much for making your way down here and attending this hearing.

Mr. Peter Athanasopoulos: Thank you very much. We appreciate it.

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

All right, folks. I think these are the last witnesses for today. I'm going to adjourn the committee until 9 a.m. tomorrow morning. There will probably be revisions to the agenda for tomorrow in terms of the number of speakers and what have you, so check your email tonight. All right, thank you.

The committee adjourned at 1559.

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