

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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**Official Report  
of Debates  
(Hansard)**

F-19

**Journal  
des débats  
(Hansard)**

F-19

**Standing Committee on  
Finance and Economic Affairs**

Plan to Build Ontario  
Together Act, 2019

1<sup>st</sup> Session  
42<sup>nd</sup> Parliament  
Monday 2 December 2019

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

Loi de 2019 sur le plan  
pour bâtir l'Ontario ensemble

1<sup>re</sup> session  
42<sup>e</sup> législature  
Lundi 2 décembre 2019

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Chair: Amarjot Sandhu  
Clerk: Julia Douglas

Président : Amarjot Sandhu  
Greffière : Julia Douglas

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES**

Monday 2 December 2019

Lundi 2 décembre 2019

*The committee met at 0900 in room 151.*

**PLAN TO BUILD ONTARIO  
TOGETHER ACT, 2019**

**LOI DE 2019 SUR LE PLAN  
POUR BÂTIR L'ONTARIO ENSEMBLE**

Consideration of the following bill:

Bill 138, An Act to implement Budget measures and to enact, amend and repeal various statutes / Projet de loi 138, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter, à modifier ou à abroger diverses lois.

**The Chair (Mr. Amarjot Sandhu):** Good morning. We're meeting today for public hearings on Bill 138, An Act to implement Budget measures and to enact, amend and repeal various statutes.

Pursuant to the order of the House dated November 26, 2019, each witness will receive up to five minutes for their presentation, followed by up to 10 minutes for questioning from committee members, divided equally among the recognized parties.

Are there any questions before we begin?

**PORTFOLIO MANAGEMENT  
ASSOCIATION OF CANADA**

**The Chair (Mr. Amarjot Sandhu):** Seeing none, I would like to call up the first witness here, from Portfolio Management Association of Canada. Please state your name for the record, and you may start your presentation. You will have five minutes.

**Ms. Melissa Ghislanzoni:** Thank you and good morning, Mr. Chair. My name is Melissa Ghislanzoni.

**The Chair (Mr. Amarjot Sandhu):** You may begin.

**Ms. Melissa Ghislanzoni:** Thank you.

I'm very pleased to be here today to offer recommendations on behalf of PMAC's over 275 member firms. Collectively, our members manage in excess of \$2.8 trillion in assets for investors across Canada.

Our recommendations today focus on modernizing Ontario's securities legislation to support three important objectives. The first is to ensure that all clients who have given an investment professional discretionary authority over their investments are treated equally. The second is to reduce and remove regulatory burden for asset managers in order to improve both domestic and international

competitiveness. And the third is about harmonizing securities legislation across Canada.

We're very pleased that the Ontario government has committed to a review of the Securities Act. We strongly believe that this review should include the introduction of a statutory fiduciary duty for discretionary investment managers.

What's the fiduciary duty and why does it matter? All of PMAC's member firms are registered as portfolio managers. That means that they manage their clients' assets on a discretionary basis. When you go to a portfolio manager, you enter into an investment management agreement, and you authorize the portfolio manager to make investment decisions on your behalf. They don't have to call you before each and every transaction, so you're placing a lot of trust in them.

In order to fulfill this responsibility, portfolio managers have the very highest levels of education in the industry, as well as relevant investment management experience. But even more important than those things is that a portfolio manager owes you a duty of care, called the "statutory fiduciary duty," under common law. So this duty of care is a status-based fiduciary duty, which means that the courts will assume that if you're an investor who is working with a portfolio manager, that portfolio manager will owe you a fiduciary duty of care. It's the same thing as with a doctor or a lawyer. This is an obligation to put your client's interests first and ahead of your own when making investment decisions.

I'm here today because PMAC believes that all discretionary investment professionals should owe their clients a fiduciary duty of care. We think that, today, you have the opportunity to open up Ontario's Securities Act and to codify that fiduciary duty. Research shows that investors incorrectly assume right now that every discretionary manager should have a requirement to put their interests first, and it makes good sense, but unfortunately, the legal reality is that that's not the case.

The Ministry of Finance and the Ontario Securities Commission have engaged in some really excellent regulatory burden reduction work this year. We think that this has struck the right balance between market efficiency and bolstering investor protection. We also think that codifying a fiduciary duty of care would reduce regulatory burden, because it will introduce what is a very-well-understood and principles-based requirement for investment professionals to follow. Compared to prescriptive

regulation, which is very nitty-gritty and detailed, we think that these principles-based regulations are much more flexible. We also feel that they're much more adaptable to evolving markets, to evolving technology and to customer needs and demands.

The other thing is that this isn't new. There are four other Canadian jurisdictions that have codified a fiduciary duty in their securities acts, including Alberta. The other thing is that this would make us more internationally competitive because—

**The Chair (Mr. Amarjot Sandhu):** You have one minute left for your presentation.

**Ms. Melissa Ghislanzoni:** Thank you.

Even the United States has reaffirmed and codified a fiduciary duty for discretionary managers.

PMAC also wants to thank the Ontario government for your continued support for a national securities regulatory system. We'd like to urge you to work urgently with the participating jurisdictions to set a launch date for that important project, as well as to finalize the legislation and to pass it into law.

In summary, PMAC recommends: codifying a fiduciary duty in Ontario's Securities Act for all investment professionals that manage client assets on a discretionary basis; and to commit to a start date and to finalize regulations for the national securities regulator.

We believe that our recommendations will elevate standards across the industry for the protection of investors, that they will reduce regulatory burden, provide legal certainty and improve investor understanding of the duty of care to which—

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll start with the opposition side now for five minutes of questioning: MPP Shaw.

**Ms. Sandy Shaw:** Thank you, Chair. I would like to apologize for being late. It's pretty gnarly out there.

Thanks for your presentation. I just wanted to ask you, are you familiar with the bill? Are there particular schedules you were referring to when you were discussing your presentation?

**Ms. Melissa Ghislanzoni:** It was the proposal to revisit the Securities Act for modernization and just generally an opportunity in that you're opening the act.

**Ms. Sandy Shaw:** What I would like your opinion on: This essentially is supposed to be an economic bill; it's supposed to flow from the fall economic statement. So much of this is simply enabling legislation. Everything is to be determined at the point when regulations are enacted, not specifically around the Ontario Securities Commission—your request. So much of this just gives the government the ability to determine at the point of regulation what the details will be. As you can imagine, when it comes to securities law and consumer protection, the devil would be in the details.

I want you to explain to me how this will ensure that there is consumer protection when it's very difficult for consumers to have input into regulations.

**Ms. Melissa Ghislanzoni:** Sure. The fiduciary duty of care is the highest standard of care that exists in equity or

law. We think that because four other Canadian jurisdictions have put the statutory fiduciary duty in their securities act, it adds a level of certainty, because while portfolio managers have a fiduciary duty of care, not all other discretionary investment managers do. So this would be providing a level of consumer protection by adding certainty to the duty of care that they can expect.

**Ms. Sandy Shaw:** But this is not prescriptive. You're saying this is a principle-based duty of care. Is that a higher protection for consumers, would you say?

**Ms. Melissa Ghislanzoni:** I would say it's almost belt and suspenders. I think the Ministry of Finance and the Ontario Securities Commission have done a great job. They've recently introduced the client-focused reforms, which are trying to elevate standards across the industry, and we think that's fantastic. We don't think it goes quite far enough. The fiduciary duty is something that infuses your entire way of dealing with your clients. If you know that you're a fiduciary, you know that you don't just have to abide by the details and the word of the law. You have to abide by the spirit of the law.

**Ms. Sandy Shaw:** So adding this fiduciary responsibility will provide additional protection for consumers?

**Ms. Melissa Ghislanzoni:** We believe that it closes potential regulatory gaps and it provides additional protection for consumers.

**Ms. Sandy Shaw:** One of the things we've heard a lot about is making sure that when we're talking not so much about institutional investors, certainly, but when we're looking, really, at individual investors, disclosure is really important and transparency is really important. I know previous to this there was a large study on deferred service charges and the regulator itself recommended those would be disclosed. Does your organization have any opinion on deferred service charges and the disclosure and how it relates to changes in Bill 138?

**Ms. Melissa Ghislanzoni:** Sure. On behalf of the organization, I think that if you're codifying a fiduciary duty of care, you would avoid some of these issues, because if you're acting as a fiduciary, you are obligated to put your clients' interests first, whether that be conflicts of interest or compensation. You really have to have a reasoned and thought-out plan as to how you're treating your client in all respects.

**Ms. Sandy Shaw:** So, as far as disclosure around service charges, that's not something that you would be interested in discussing?

**Ms. Melissa Ghislanzoni:** We're very pro-transparency and we're pro-disclosure. I think the other side of the coin is that some research has shown that disclosure is not very compelling for certain investors, especially investors who don't have a high degree of investment experience. For example, my mother could read reams of disclosure; I'm not sure that that would really direct her in where to go. What's much more compelling to me is someone who is obligated to treat her fairly and put her interests first.

0910

**Ms. Sandy Shaw:** Right, but they're already obligated to do that now, are they not? People who are vendors of

these securities are already obligated to do that, are they not?

**Ms. Melissa Ghislanzoni:** To put the client's interests first?

**Ms. Sandy Shaw:** Yes.

**Ms. Melissa Ghislanzoni:** Well, not in a fiduciary standard, not in all cases, no. That's the problem. That's the gap.

**Ms. Sandy Shaw:** Okay. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Any more questions?

**Ms. Sandy Shaw:** We're good, thanks.

**The Chair (Mr. Amarjot Sandhu):** Now we'll go to the government side for five minutes of questioning. MPP Cho?

**Mr. Stan Cho:** Thank you for being with us this morning, Ms. Ghislanzoni—did I say that right?

**Ms. Melissa Ghislanzoni:** Yes, that's great. Thank you.

**Mr. Stan Cho:** There was a lot of great stuff in your presentation. I know that at the Ministry of Finance we have been consulting; I think we have a lot of the same sort of goals that we're looking towards, and it is aimed at consumer protection. It is aimed at transparency.

I'm hoping you can expand on something you touched on in your presentation that I believe we need to be looking at across not just your industry, but many others in this province, and that's the principles-based legislation. Could you maybe just go into a little bit more detail on why that's so important? Feel free to give some specific examples in your industry of how that will help eliminate red tape and lead to better outcomes.

**Ms. Melissa Ghislanzoni:** Absolutely. This is a pet topic of mine. Prescriptive regulation, I think, requires an omniscient regulator. No matter how brilliant regulators are, it's virtually impossible to foresee the rise of cryptocurrency or—we're living in very, very up-and-down markets.

When you have prescriptive regulation, you're trying to—I don't want to use the term “micromanage,” because that has very negative connotations, but you're trying to be incredibly detailed about things, which means that someone can either follow the letter of the law without abiding to the spirit of the law—it's a technicality as opposed to a guiding principle.

I think you need a complement of both prescriptive and principles-based. The more principles-based regulation we have, the more firms are able to innovate, the more you're able to have the OSC's fintech sandbox bringing companies to market, offering alternatives to investors.

For the PM space, the portfolio management space, I think the brilliance of the current regulation, 31-103, the registration instrument, is that it was always technology-agnostic, which meant that all of a sudden you had the rise of these robo-advisers. These robo-advisers are able to leverage the economies of scale. You're able to have pooled funds, and so instead of having only high-net-worth individuals being able to invest, all of a sudden you

have people with more modest account sizes being able to invest.

When you have principles-based regulation, you allow for a lot of competitiveness and innovation. Of course you have to fill in the holes and the gaps sometimes with the prescriptive regulation, but there has to be a fine balance. We think that when you are legislating a standard of conduct, it's far more useful to use a principles-based idea.

**Mr. Stan Cho:** Another key concept that you touched on is adaptability. Really, we could never have seen the rise of technology as quickly as we have. It has certainly affected your sector very much.

You also mentioned that this will allow some more flexibility for non-high-net-worth clients. Could you repeat for me the size of the dollar figure that your management of funds is?

**Ms. Melissa Ghislanzoni:** Certainly. Our member firms are over 275 member firms, the majority of which are either headquartered here in Ontario or who certainly have operations here in Ontario. They manage collectively in excess of \$2.8 trillion for Ontario investors. Those include private investors, pension funds, endowments, First Nations—it really runs the gamut. We have everyone from some sole practitioners to the robo-advisers to the pension funds to the life insurance companies to the bank-owned firms. It's a real mix.

**Mr. Stan Cho:** That was with a T—trillion—just to repeat that. You certainly have the future of many Ontarians being managed through your member companies, and it's crucial that the government gets this right and listens to the industry-led consultations.

As the member opposite said, I will agree that the devil is in the details. But the key here that I want to put on the record is that we understand; this government understands that the devil is in the details and that those details should not be prescriptive and they should not be created by government. The government certainly should not be the expert in any field, and we believe in listening to those experts.

I want to conclude by saying that we appreciate the time that you've dedicated, the advocacy that you've given to the government. We'll continue those consultations. We look forward to sitting down with you at that table to discuss those very details, for the sake of the hard-working people of Ontario whose futures you manage.

**Ms. Melissa Ghislanzoni:** Thank you so much.

**Mr. Stan Cho:** Thank you for being here today.

**The Chair (Mr. Amarjot Sandhu):** Any other comments or any questions? Thank you. That concludes our time. Thank you so much for your presentation.

**Ms. Melissa Ghislanzoni:** Thank you so much for having me.

#### ADVOCIS

**The Chair (Mr. Amarjot Sandhu):** Next, I would like to call on Advocis, the Financial Advisors Association of Canada. Please come forward. Please state your name for the record, and you may start your presentation. You will have five minutes.

**Mr. Greg Pollock:** Good morning, and thank you, Mr. Chair. My name is Greg Pollock. I'm the president and CEO of Advocis, the Financial Advisors Association of Canada. Joining me today is Ed Skwarek, our vice-president of legal and regulatory affairs. Thank you for inviting us to speak on Bill 138, the Plan to Build Ontario Together Act.

Advocis is the association of choice for financial advisers and planners, with more than 13,000 members across the country and 6,000 in Ontario. Advocis is the definitive voice of the profession, advocating for professionalism and consumer protection.

Advocis members are typically small businesses who operate in every community across Ontario, with a greater GDP than the pharmaceutical, auto manufacturing and aerospace industries.

Advocis members are uniquely positioned to provide advice to main-street Ontarians who need help in understanding the combination of financial products that will assist them in dealing with life events and their preparation for well-funded retirements.

**Mr. Ed Skwarek:** Thank you, Greg, and thank you, members of the committee. My brief comments will be focused on the modernization of financial services in Bill 138.

Ontario, as elsewhere, is dealing with disruptive change that must be addressed to ensure that all Ontarians benefit.

We first applaud the government's commitment to establishing a securities modernization task force. Since the last review of the Securities Act 15 years ago, the world has changed. In order for Ontario's capital markets to remain competitive and vibrant, steps must be taken to ensure that we have the right laws, rules, regulations and instruments in place that will attract capital investment from global markets.

A focus on burden reduction and plain language, while maintaining the integrity of consumer protection and reflecting the needs within a new, information-technology-based environment, will ensure that Ontario is on the right side of change.

Secondly, Bill 138 references the government's ongoing collaborative work with other jurisdictions on the Cooperative Capital Markets Regulatory System, or CCMR. We understand that one of the remaining hurdles to enabling the co-operative system is the completion of the uniform Provincial Capital Markets Act.

We further understand that the vast majority of issues in the act have been settled, but a few remaining items have proven difficult to address. We urge the participating jurisdictions, led by Ontario and British Columbia, to work together to address these remaining stubborn issues on an urgent basis. The good news is that Ontario is being proactive in addressing these issues.

**Mr. Greg Pollock:** Thank you, Ed. I would be remiss if I didn't conclude our comments by sharing our perspective of updates on the issue of title protection.

As you all know, the Financial Professionals Title Protection Act, which was supported by all members of

this committee, requires individuals using the titles of "financial adviser" or "financial planner" to have an appropriate credential and to be overseen by a credentialing body.

The Financial Services Regulatory Authority—FSRA—has been given the task of implementing the new regime and is currently consulting stakeholders on next steps. Advocis is pleased to be a part of those stakeholder consultations that bring together industry, consumer advocates and government. We thank FSRA for taking a fair and measured approach to those discussions, and we remain optimistic of an expedient timeline.

We have met with ministers and Premiers across the country to discuss this act, and will continue to advocate that they mirror this action taken in Ontario, to ensure harmonization nationwide.

Thank you, Mr. Chair.

**The Chair (Mr. Amarjot Sandhu):** Thank you. You still have one minute, if you want.

**Mr. Greg Pollock:** Those are our comments this morning. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll go to the government side this time, for five minutes of questioning. MPP Cho.

**Mr. Stan Cho:** Wow, that was efficient—a very well-received presentation this morning, gentlemen.

**Mr. Greg Pollock:** Thank you.

**0920**

**Mr. Stan Cho:** There's a lot in there that I think we can get very supportive about, and some of that has to do with the plain language. In the previous presenter's presentation, we talked about some principles-based legislation. I believe that applies here as well.

I'm wondering, though, if we can talk about title protection and why that would be important. What's happening in the industry today and some of the challenges?

**Mr. Greg Pollock:** Right. As we looked out across the province and actually across the country, we got similar results. We've actually surveyed Ontarians on their knowledge and understanding of the credentials that financial advisers and planners hold and so forth. Over 50% of Ontarians believe today that the title of "financial adviser" is regulated and, in fact, it's not. So in our view, the public is being misled, and we need to be clearer and more transparent in terms of which individuals are entitled to hold those titles and the kinds of credentials they have to back those titles up. That's going to go a long way, in our view, toward supporting consumer protection.

Maybe just to say on the principles-based approach as well on this, when one does that, when one protects a title like "financial adviser" or "financial planner" and one has an overseeing body, a credentialing body to oversee that, that leads to a principles-based approach to protecting consumers. Individuals will have an opportunity to file complaints with the credentialing body if things have gone south or if things have not gone the way they would like them to go, and it will go through a similar disciplinary process that we would see for engineers or for doctors or for lawyers.



**Mr. Stan Cho:** Yes, and I can't stress enough for the members of this committee and for the public how important it is to have that sort of protection for consumers. These aren't mega-corporations that are going to financial planners or advisers. These are your young people trying to save a buck for a home; these are your seniors, low-income individuals, low-income families. This is something that the government is very supportive of, and we're looking forward to ongoing discussions with you on that title protection.

I'm wondering if in the time left—I know we don't have a lot of it—you could tell me if there is anything that we can suggest to the Financial Services Regulatory Authority. As you know, FSRA is a new financial regulatory authority. How do we get this right moving forward? What recommendations would you make to FSRA?

**Mr. Greg Pollock:** Maybe just to say that I don't know, frankly, that we have any specific recommendations at this point. We have been impressed—very impressed—with the establishment of this new arm's-length, as I would call it, regulatory authority. They have been very engaging. I've participated in several meetings to date with others from consumer advocacy groups, from other parts of the industry in round table discussions about how we're going to address issues like title protection, and it's the regulator, FSRA, that's leading that. This is a very good sign. I'm hopeful that we will continue to see that kind of open relationship and open dialogue. If we don't, we'll be back here to tell you about it.

**Mr. Stan Cho:** Thank you for that feedback. In the remaining time I have I want to stress that our government has made it a priority to listen to the industry experts. I can tell you, from the discussions I've had at the Ministry of Finance, those consultations will not be ending any time soon. In fact, we're going to ramp up toward that and get these details right.

I'm sure we'll be in touch with you gentlemen soon and we appreciate all the time and the dedication you've put toward protecting your industry. Thank you.

**Mr. Greg Pollock:** Thank you. I appreciate that.

**The Chair (Mr. Amarjot Sandhu):** Any other comments? Thank you. We'll go to the opposition side now for five minutes of questioning. MPP Shaw?

**Ms. Sandy Shaw:** Thank you for your presentation. Many of the NDP MPPs have met with you and we've been at your lobby day, so we're very familiar with the work that your organization does, and we want to thank you for that.

We talked about the overseeing body, the body that's doing the credentialing, and you described it as an arm's-length organization. Can you help me to understand how that organization as you know it now is working and how not so much commercial and institutional investors but retail investors—individuals—can have input into that system?

**Mr. Greg Pollock:** Right. I may have been a little unclear here. When I said the oversight body, I was speaking of FSRA. FSRA, through its consultations and

under the Financial Professionals Title Protection Act, is going to designate certain bodies to be credentialing bodies that will then oversee the titles of "financial adviser" and "financial planner." Those discussions are just under way, and they're going to take the better part of a year, as we understand it, to actually then designate which bodies would be a credentialing body. I will say that Advocis has said to government that certainly, we would be interested in being a credentialing body, but that remains to be seen. There will be an application process and so forth.

But those bodies, once approved, will have to meet a lot of rigour. They will have to ensure that individuals hold appropriate credentials. What do those credentials look like? What are the hours of study? What does the curriculum look like? They will be subject to an investigations and disciplinary regime, and it should be one that is robust and that protects the public. The public should have input in terms of what that looks like.

**Ms. Sandy Shaw:** And that would be my question specifically: How will the public have input into who is designated as one of these regulatory bodies, and how can they have input in the designation, in the design and, when it's up and rolling, in instances where you do have to take any kind of regulatory action?

**Mr. Greg Pollock:** Right. FSRA has been clear that—first of all, to date, they've actually had consumer advocate groups around the table, but they're going to do a broad consultation throughout all of Ontario. There's going to be a document out in early January, as I understand it, with a three-month consultation so that every Ontarian will have an opportunity to answer exactly those questions: What should the credentials be? What should be the standards for the credentialing body? How do I file a complaint if I'm unhappy with my adviser or I feel I've been defrauded by my adviser, that kind of thing? That will all be there as an opportunity to get feedback from the public.

**Ms. Sandy Shaw:** Thank you. That doesn't exist now for consumers?

**Mr. Greg Pollock:** No, it doesn't. It's not mandatory at all. If you belong voluntarily to Advocis, for example, you can actually file a complaint with our association, and we go through a process and we can end up disciplining our member, but the best we can do, basically, is throw the member out of the club. They continue to hold a licence and continue to provide advice and sell product. That's problematic. We need to address that.

**Ms. Sandy Shaw:** Okay. Thank you very much.

**Mr. Greg Pollock:** You're welcome.

**The Chair (Mr. Amarjot Sandhu):** Any other comments? Seeing none, that concludes our presentation. Thank you so much for your time.

**Mr. Greg Pollock:** Thank you, Mr. Chair.

#### MISSISSAUGA BOARD OF TRADE

**The Chair (Mr. Amarjot Sandhu):** Next, I would like to call on the Mississauga Board of Trade. Please state

your name for the record. You have five minutes for your presentation.

**Mr. David Wojcik:** Thank you, Mr. Chair. My name is David Wojcik. I'm the president and CEO of the Mississauga Board of Trade.

Good morning, Mr. Chair and members of the committee. The Mississauga Board of Trade was founded in 1961 and is the voice of business in Ontario's third-largest city, Mississauga. We advance, champion and connect business interests and economic development within our city, which is host to over 70 Fortune 500 companies and thousands of small and medium-sized businesses. We are pleased to appear before you today to speak to some of the elements in Bill 138, the Plan to Build Ontario Together Act.

First, we would like to thank Minister Phillips for delivering the fall economic statement on November 6 and compliment the government on some general themes around improving Ontario's fiscal position, deficit reduction, red tape reduction and lowering taxes. It is important to send a clear message that Ontario is open for business and the province is business-friendly.

The government of Ontario should create permanent stakeholder groups to guide economic development efforts, as well as commit to longer and more comprehensive periods of consultation for all government proposals and decisions.

In the minister's statement, he said that the deficit for the fiscal will now be \$9 billion, down from a projected \$10.3 billion. Deficit reduction is critical, and we would encourage the government to continue its efforts to reduce the annual deficit, with a view to a balanced budget within the five-year stated period.

Reducing the small business corporate tax rate to 3.2% from 3.5% starting January 1, 2020, will help reduce the burden for small businesses earning up to \$500,000, but unfortunately does not address the scale-up challenge many small businesses confront.

**0930**

Ontario's scale-up challenge is partly a result of a tax system that does not incentivize small business owners to seek out opportunities for investment and growth. Restructuring some of these taxes could boost overall productivity at little or no cost to the government. In particular, the current structure of the small business deduction means companies are faced with a substantial rise in their corporate tax rate when their annual income increases over \$500,000. To address this challenge, the Ontario Chamber of Commerce recommends creating a variable small business deduction rate, instead of the existing flat rate, for businesses with an annual income above \$500,000.

With a variable rate that increases gradually as revenue grows, small business owners will no longer be discouraged from actively seeking opportunities that would boost investment and affirm growth. This reform should be tax-neutral, such that total tax revenue generated before and after the change remains the same.

The bill proposes to modernize rules around alcohol and cannabis sales in Ontario. Many private businesses are

involved in this sector, and it contributes substantially to the province's economy. In particular, we support the change that allows 24-hour alcohol service in Ontario airports.

Bill 138 proposes changes and modernization in Ontario's co-operative sector. Co-ops are playing a large role in business services, particularly the credit union sector.

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. David Wojcik:** By allowing credit unions to play a greater role in business financing and support, it will provide more opportunities for small business to access capital for their businesses.

Bill 138 proposes to amend the Gasoline Tax Act by reducing the gas tax on fuel for aircraft in northern Ontario from 6.7 cents to 2.7 cents. While this is welcome news for our neighbours in the north, it should be extended to all aircraft in Ontario, which would encourage even more air travel in and out of the province. Mississauga is home to Canada's largest and most vital airport, and a reduction of the aircraft fuel tax would be welcomed.

The bill proposes amending a number of acts that govern the delivery and payments in our health care system. We support the government's move to modernize and digitize transactions in the health care system and create efficiencies in cost and service delivery, including through the amendments proposed to the—

**The Chair (Mr. Amarjot Sandhu):** Thank you. I will go to the opposition side now for five minutes of questions. MPP Arthur.

**Mr. Ian Arthur:** Good morning. You were almost done your presentation. Would you like to just conclude it with a bit of this time?

**Mr. David Wojcik:** The last little bit was more niceties and compliments for the government. So if the opposition would like me to continue, I'm happy to.

**Mr. Ian Arthur:** Yes. Go ahead and finish your presentation.

*Interjection.*

**Mr. Ian Arthur:** Well, no. We didn't get to the Planning Act. This is the part I want to hear about. Go ahead.

**Mr. David Wojcik:** I'm happy to continue.

Bill 138 proposes changes to the Planning Act, including eligible appeals to the Local Planning Appeal Tribunal. We remain concerned about the long processing of zoning and official plan amendments and hear frequently from our members about the excessive timeline to get development applications and building permits approved. While not a direct service provided by the province, the government can continue to make changes to legislation that would require municipalities to speed up approvals and reduce regulatory burden to get developments built.

**Mr. Ian Arthur:** Thank you very much. On that line, I know that some of the other changes to the LPAT that have gone through are actually going to make it harder for municipalities to potentially access the appeals process and make it so that municipalities are not entities that can pursue some of the appeals that were available before—and we'll call this the OMB LPAT versus the original LPAT.

Would you just comment a little bit more on that? Do you have any concerns with the independence of municipalities and their ability to use the updated LPAT system?

**Mr. David Wojcik:** We always have concerns when government regulatory burden slows down anything to do with development in municipalities. So we would encourage any government agency to be mindful that municipalities need independence in order to provide the proper services for developers. Especially in Mississauga, where we have a number of developments under way, we do need that freedom in order to provide services to the developers.

**Mr. Ian Arthur:** Okay. No further questions. That's all I wanted to ask about.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll go to the government side now for five minutes of questions. MPP Cho.

**Mr. Stan Cho:** Thank you for being with us this morning, Mr. Wojcik. I enjoyed your presentation thoroughly, and not just because my better half is from Streetsville and her family still lives there. You touched on a lot of very important points that our government has made a priority. Before I get there, though, your organization has been around since 1961. Am I correct?

**Mr. David Wojcik:** July 11, 1961.

**Mr. Stan Cho:** July—oh, seven and 11; it's a lucky date.

In that time since 1961, would you agree in saying that Mississauga has changed just a little bit?

**Mr. David Wojcik:** A little bit would be an understatement, MPP Cho. I moved to Mississauga in 1979, up in the Meadowvale area, which is just beside Streetsville, and to see the changes that have happened in the great city of Mississauga—it is an understatement. The developers have done a marvellous job. City planners have done an admirable job as well. We would like to see that continue.

**Mr. Stan Cho:** Thank you, Mr. Wojcik. The other thing that I've noticed in Mississauga is that it has become very diverse. It's growing, and many of the people moving to Mississauga—I mean, these aren't billionaires. These are small-business owners. Small business has become very much the heartbeat of Mississauga. It's not that long ago that it was covered in farmland, but today, you walk up and down, and behind the doors of those businesses aren't mega-corporations; there's a family behind those doors.

Perhaps you can elaborate on the importance of this government understanding that these are families behind those doors and how that 8.7% tax cut to small businesses will affect your members and those local businesses in Mississauga.

**Mr. David Wojcik:** It's an excellent point that you do make. When people talk about business and profits, many people think about businesses as being these faceless organizations. They're not faceless organizations. Although we do host over 70 Fortune 500 companies, we do have more than 80,000 small businesses in Mississauga as well. Those are your neighbours. Those are the owners of the dry cleaner and the convenience store and a lot of the franchises. Those are real people who are trying to make a living. These are people who put payroll on Visa. These

are the people who mortgage their houses. These are the people who pay their employees first before they pay themselves.

It's vital that we help them grow, because we have seen that if we don't help them grow and if we don't give them a stable base here in the province of Ontario, they are a flight risk and they will go to other jurisdictions where it's more friendly. So it's critical that we give them an environment to stay here.

**Mr. Stan Cho:** Thank you for that, Mr. Wojcik. I couldn't agree with you more. I frequent Streetsville usually once a week, when time allows for it, and I visit those businesses. I'm talking about Bobby's diner just in Streetsville there. This is a great example of what you just said. When they were starting out, they did not pay themselves. They paid their employees first. The CEOs of those small businesses, well, they're the ones changing the toilet paper, they're the ones cleaning the kitchens. This is the heartbeat of Mississauga, and this is what makes it such a vibrant community and such a jewel in our great province. So we're committed to continuing to help small business.

Another thing you mentioned in your presentation, Mr. Wojcik, which really resonated with me was you talked about deficit reduction and you talked about how important it is to look at outcomes, not just dollars being spent. I'm wondering if you could talk to me about why it's so important that we reduce that deficit so we don't have \$1-billion a month going towards interest. Because these economic conditions are cyclical, and when the conditions take a downturn, I believe that—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Stan Cho:** I'm going to let you continue in a second, Mr. Wojcik, but I believe we need to have our powder dry to survive those economic downturns. Could you maybe elaborate in the 45 seconds we have left, please?

**Mr. David Wojcik:** When we look at the payment on the debt as being the fourth-largest expenditure for the provincial government, that speaks volumes. If we can get the debt under control—if we talk about a critical issue for our young people to inherit, it's inheriting that debt. If we could get the debt down, we'd save \$12 billion. We'd have more money for health care, more money for education, more money for child and social services. It's critical. I can't express that more. I don't want to hand a debt to my daughters.

0940

**Mr. Stan Cho:** I can't say it better than that. Thank you very much, Mr. Wojcik.

**The Chair (Mr. Amarjot Sandhu):** Any other questions?

That concludes our time. Thank you so much for your presentation.

**Mr. David Wojcik:** Thank you. My pleasure.

CITY OF TORONTO

**The Chair (Mr. Amarjot Sandhu):** Next, I would like to call on the witness from the city of Toronto. Please state

your name for the record. You have five minutes for your presentation.

**Mr. Rob Hatton:** Good morning, Mr. Chair. My name is Rob Hatton. I'm with the city of Toronto. I'm joined by Mark Christie of city planning and Shirley Siu of city finance. I would like to thank the committee on behalf of the city of Toronto for today's opportunity.

My comments relate to proposed Bill 138 amendments to Bill 108, the More Homes, More Choice Act as they pertain to the Development Charges Act and the Planning Act. These are critical issues to the city. Our 10-year capital plan includes over \$2 billion in development charge revenue alone. With the introduction of Bill 138, three changes were made to Bill 108. The city supports two of those changes, but believes the government should go further.

The first was protections provided for transition provisions for the alternative parkland rate. We believe that similar protections are needed for the development charges transition. If the development charges amendments under Bill 108 are proclaimed before a new community benefits bylaw is in place, we estimate that over \$100 million in city revenue would be placed at risk. Our requests for a written commitment have not been answered so we propose that, legislatively, proclamation of those provisions is delayed until a CBC is in place.

The second change the city supports is the reversal of mandatory DC deferrals for commercial and industrial development. We note that these deferrals have been maintained for not-for-profit housing, rental and institutional development. Regulations are needed to require adequate security of revenue collection, including registration on title, letters of credit and priority liens, or municipal revenue will again be at risk, and that will reduce our capital spending. Eligibility restrictions are also needed so that deferral benefit is not provided to uses like luxury rental, which I don't think is the government's intention. Our proposal is that either the government secure revenue through regulation, or reverse the remaining mandatory deferrals.

The third change is the introduction of an appeal process for the community benefits charge to LPAT. The community benefits charges are new, untested and will be introduced at the same time all across the entire province. We expect a deluge of appeals and delays in accessing that revenue. The risk to municipal revenues will reduce our ability to provide infrastructure, which is in no one's interest. Bill 108 already places regulated caps on these charges. We think a new appeal right is unnecessary, and so we would propose it be removed.

In addition to the proposed amendments in the legislation, we think the government could go further by:

(1) Lifting restrictions on the use of inclusionary zoning. We believe the province underestimates the effectiveness of inclusionary zoning in delivering affordable housing, compared to the current regime of government subsidies. Current programs do result in more affordable units, but may be largely at the expense of fewer remaining entry level market units. Our proposal is

that you reinstate municipal authority to apply inclusionary zoning more broadly across the city.

(2) There are structural issues with the community benefits charge. It's widely perceived by both municipalities and developers to reduce the predictability of the charges. The problem is that the CBC cap or charge is proposed to be a percentage of land values, and they're highly variable. Charges that are based on rapidly changing land values can't be used to achieve either predictability or a relationship with underlying municipal costs. Also, the assigned land value will be so critical to the charge that it will be the subject of multiple appraisals to reach resolution. We propose that you use land values as a basis for parkland charges, but redesign the CBC on a per area or per unit basis for the rest of the cost recovery.

(3) We think you should restore our authority to secure agreements on title. It's an important tool for everyone's use.

(4) I think most importantly, Bill 108 would separate the date of establishing DC amounts from the date DCs are to be collected. This creates problems unless appropriate limits are introduced through regulation, which the government has indicated it's reluctant to do. Without these limits, the legislation would allow applicants to freeze their DC obligations for years, if not decades, before payment is due. We would lose the nexus between the payment amount and the cost, and cost recovery would be jeopardized.

We urge the government to amend Bill 108 to restore the matched timing of when DCs are calculated and when they are paid, preferably at building permit issuance.

We're continuing to work with provincial staff on the regulations, but there have been real challenges, and we think it's a good reason to reconsider some aspects of Bill 108 at this time and the—

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll go to the government side for five minutes of questions. MPP Martin.

**Mrs. Robin Martin:** Thank you so much for your presentation. There's a lot of interesting material in here. I've been reading it as you've been going along.

I had a question. My riding abuts Yonge Street, a large part of Yonge Street from Eglinton up to Lawrence, and further beyond Lawrence up to the 401. We've noticed a lot of empty retail premises along Yonge Street, which is really depressing the area and a number of the citizens who live there.

I wanted to ask you if you think that the proposed small business tax cut will help with small businesses around Yonge Street, or what else the government can do to encourage job creation and investment in that area or in Toronto more broadly.

**Mr. Rob Hatton:** Okay. The property tax issue is a little different and a little beyond my purview. But I would say, number one, to the extent that we don't collect money from development charges, it places a higher burden on property taxes and it exacerbates exactly the kind of thing you're talking about.

Highest and best use, and reassessment, does put a lot of pressure on properties. We're working with the government to examine options to protect, particularly, small

businesses from those kind of impacts, because I think they're critical to the urban form and the functioning of the neighbourhood.

**Mrs. Robin Martin:** Okay. Anything else that the government can do to encourage job creation and investment in those areas, or in Toronto generally?

**Mr. Rob Hatton:** I'm going to go back to development charges, and say that I think they've remained a relatively modest part of the price of homes and buildings, and I don't think they're an obstacle to investment. In fact, because they raise money for municipalities, they allow us to invest in infrastructure that enables investment. Without enabling infrastructure, we just will fail to attract further investment.

**Mrs. Robin Martin:** As you know, we've announced an enormous transit plan across the city. I think it's \$28 billion of investment. We've got a line for Scarborough, the Eglinton West Crosstown extension out to the airport, the Yonge line north extension, and the downtown relief or Ontario Line. All is to be part of that.

We think that's an enormous investment in the city of Toronto's infrastructure, and we think it's going to be crucial to getting Toronto moving. Do you have any comments about that proposed plan?

**Mr. Rob Hatton:** I couldn't agree more. Transit infrastructure is one of the vital pieces of serving growth and attracting investment. But the city is still responsible for water and sewer, for roads and for community services etc., to serve those new developments. That's why we need these charges properly designed.

**Mrs. Robin Martin:** That's all I have.

**The Chair (Mr. Amarjot Sandhu):** MPP Piccini.

**Mr. David Piccini:** I'm from rural Ontario, so my question is, again, to build on transit. I know that a number of my constituents head into the GTA. One of the big challenges is the gridlock at the hub at Union.

The proposed transit changes that this government has put forth—and as we heard, at the committee of estimates, from Metrolinx—establish multiple hubs in the city of Toronto that will get rid of some of the congestion that we see downtown.

Can you speak to what you'd like to see? I know you very eloquently spoke to the development charge piece, but moving beyond that, the diversification of transit hubs around the GTA—and what you'd like to see the government doing beyond that, and how you see that benefiting the city of Toronto.

**Mr. Rob Hatton:** Again, I think transit investment is crucial. A \$28-billion investment is a huge and landmark kind of investment.

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Rob Hatton:** But the city will continue to pursue more local transit intensification and moving up the scale in terms of the mode—LRTs servicing the waterfront. I know there were projects in Finch and Sheppard that are still on the books.

It's not done, I guess, is what I would say. We'll continue to pursue that and work with the government of Ontario to do so.

0950

**Mr. David Piccini:** Thank you.

**The Chair (Mr. Amarjot Sandhu):** Any other questions? We'll now move on to the opposition side for five minutes of questioning, MPP Arthur.

**Mr. Ian Arthur:** Good morning, and thank you very much for your presentation. I appreciate it very much. Just on the topic of inclusionary zoning, you talk about the "effectiveness of IZ in delivering affordable housing compared to the current regime of government subsidies." Would you actually characterize inclusionary zoning as a more simplistic way of dealing with affordable housing?

**Mr. Rob Hatton:** Well, I think it has an opportunity to place the burden of cost on the landowner and the developer, which I think has certainly benefits in the long run.

**Mr. Ian Arthur:** And doing so would alleviate potential costs to government?

**Mr. Rob Hatton:** Absolutely. The city of Toronto is spending \$50 million to \$100 million a year on affordable housing incentives.

**Mr. Ian Arthur:** So removing the inclusionary zoning could actually increase costs and burden on municipalities and provincial governments in terms of the delivery of affordable housing?

**Mr. Rob Hatton:** I think the issue is that the legislation restricts its use to certain specified areas, which is a problem. It also starts the clock again and we'd have to start over again to implement it.

Mark, did you want to augment that?

**Mr. Mark Christie:** I can just add that what we're looking for is it to be expanded beyond the location of the municipal transit station areas. We're looking for it to be broadly available across the entire city, so we can provide for inclusionary zoning provisions across the city. The city of Toronto is diverse in its nature and to focus only in those high-intense areas and not more broadly across the city limits the ability to provide affordable housing within the city of Toronto.

**Mr. Ian Arthur:** Okay. Perfect. Can you expand a little more on the section about the difference in the date that DCs are to be collected and the amount? You've talked about a potential loss in revenue going forward. Do you have any projections for how much revenue that would actually look like?

**Mr. Rob Hatton:** Sure. It's a very complicated issue, but the concept here is that the legislation allows people to freeze their DCs at the time of a site plan application. They don't need to progress that application. It could be not approved for years or decades, and as a result we expect that most developments in the pipeline—there are about 15,000 new ones a year and 300,000 units of application in the pipeline today—will avail themselves of this ability, freeze their DC obligation. When we come back five years from now with a new DC rate, there will be very little growth-related applications coming forward to share the burden of that cost. I think it'll be very difficult to have the DCs ever increase again.

**Mr. Ian Arthur:** Okay. So—

**Mr. Rob Hatton:** We raise about \$500 million a year, or project to, from development charges. So it's an important issue.

**Mr. Ian Arthur:** And in terms of percentage of that, do you have an estimation of what you might be losing?

**Mr. Rob Hatton:** I'm sorry. I really can't put a number on it because it depends on what happens in the future.

**Mr. Ian Arthur:** Yes. I understand that.

**Mr. Rob Hatton:** And in this case, I'm just saying that I foresee problems in the future with this kind of an arrangement.

**Mr. Ian Arthur:** Okay. Thank you very much. I have no further questions.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much for your presentation.

**Mr. Rob Hatton:** Thank you so much for having us here.

#### FRIENDS OF KENSINGTON MARKET

**The Chair (Mr. Amarjot Sandhu):** I will now call on the next witness, from Friends of Kensington Market. Please state your name for the record, and you have five minutes for your presentation.

**Ms. Serena Purdy:** My name is Serena Purdy, and I'm here representing Friends of Kensington Market.

Friends of Kensington Market, for those who aren't familiar with it, is a community group that represents both residents and people who support Kensington Market. Kensington Market is a historically immigrant community in the heart of the city and we're deeply committed to ensuring that marginalized people have a place in the heart of the city.

Through Bill 108, the provincial government has taken away communities' abilities to negotiate through their elected city representatives for the funds they need to build infrastructure to accommodate new developments. Citizens have been placed at a disadvantage by Bill 132 through the elimination of the Local Planning Appeal Support Centre. Now, through schedule 31 of Bill 138, developers and others will be able to appeal the community benefits charges to an unelected body. The obvious concern with schedule 31 is that, if there is a way for developers to avoid paying a community benefits charge, then someone will find it.

Perhaps less obvious is that all of these moves exacerbate existing inequality. They shift power from elected officials directly accountable to their communities to an unelected body that is increasingly inaccessible for the average person.

As a result, we hope that you will reconsider the removal of the Local Planning Appeal Support Centre, so that residents and communities like ours will have an avenue to address any advantages that developers may have at the Local Planning Appeal Tribunal.

Finally, while we were assured by the Minister of Municipal Affairs and Housing that the intent of Bill 108, initially, was not to remove funds from the municipalities,

we have yet to see adequate policy assurances in subsequent bills that funds are indeed not being removed. While there's a cap on community benefits charges, there is no floor, no minimum guaranteed payment to ensure that developers pay their fair share and taxpayers don't end up footing the bill.

The three bills taken together are terrible, frankly, for groups like Friends of Kensington Market, which seek to protect and enhance our neighbourhood. As an organization, we have a strong track record of working with our city to ensure that Kensington Market remains a world-leading symbol of diversity and inclusion. For us, it's critical to return voice to organizations like Friends of Kensington Market and to ensure that we have the resources to keep our communities livable. Without that, this is not a plan to build together; it is a plan to let developers build on us. Thank you.

**The Chair (Mr. Amarjot Sandhu):** You still have two minutes if you want to add something else.

**Ms. Serena Purdy:** No, I think that's everything.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll go to the opposition side for five minutes of questioning. MPP Arthur.

**Mr. Ian Arthur:** Good morning. Thank you very much for your presentation. I very much appreciated how you linked the different steps that we're taking here, how they began in Bill 108, expanded in Bill 132, and now with Bill 138, schedule 31, and the net loss after all those—that when you add those together, there is truly a net loss that has happened in terms of a community's ability to self-direct or to have any voice against developers who may have a different vision for a community than those who are currently living there.

Would you talk a little bit about some of the dangers that you see coming out of this? You said that you've lost your voice and you would like Kensington to continue as a model. Where do you see the potential conflicts coming from?

**Ms. Serena Purdy:** So far, over the course of the history of Kensington Market, dealing with development pressure, we are often meeting with developers who, in their initial proposals, don't consider the community at all. They often seem uninterested in the historical value of the community, not just for the residents, but for many people—the identity of Toronto. Without having that kind of community voice, without having mechanisms to rebalance the scales—procedural mechanisms that have now been taken away—we lose what we've built, moving forward. I think that's disturbing to most Torontonians.

**Mr. Ian Arthur:** If you Google what to do in Toronto, Kensington Market is almost always at the top of any list that you can find, as a place to visit and experience. Would you talk a little bit about the danger you see to the economic activity that it generates and the cultural value that it has, as a community, for driving tourism, for acting as a small economic hub for Toronto? Do you see that in danger if these developments are able to go forward without an appeal process for the community itself?

**Ms. Serena Purdy:** We're already seeing, as a result of existing development pressure, units that are both residential and commercial being purchased, rents tripling, and existing family-owned companies—small businesses that have been there for decades—being pushed out. The face of Kensington Market has changed significantly over the past five to 10 years, but much more rapidly in the past three years.

**Mr. Ian Arthur:** And you can see that continuing to accelerate into the future?

**Ms. Serena Purdy:** Yes.

1000

**Mr. Ian Arthur:** In terms of the appeals process, I know that the LPAT appeal centres are closing—part of Bill 132 was that. Has your community group ever successfully proceeded with a case before the LPAT or the former OMB?

**Ms. Serena Purdy:** We have fought types of development at various levels. We've been pretty successful at the committee of adjustment. We work with the city through re-zoning. As for the OMB, I'm not quite sure. I don't think, historically, they have been terribly supportive of communities.

**Mr. Ian Arthur:** And you talked about the growing inequality that's going to exacerbate inequality. Where will these folks go if they can no longer—

*Interruption.*

**Mr. Ian Arthur:** Is there another space for them if this change of Kensington continues? What happens to those folks? What happens to those business owners, those family businesses that have been around for generations?

**Ms. Serena Purdy:** One of the things that I think characterizes Kensington Market is a remarkable diversity of income—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Ms. Serena Purdy:** —and types of stores. For the lower-income stores and families, they would be pushed out of the city fully, and they would have to live a life that they are not used to at all. For the people I've known who have run stores, they've grown up there—for generations.

**Mr. Ian Arthur:** Okay. Thank you. I don't think we have enough time for—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Now I'll move to the government side for five minutes of questioning. MPP Piccini.

**Mr. David Piccini:** Thanks very much for your presentation today. I appreciate you taking the opportunity to come in.

Kensington is a remarkable area of Toronto. As a rural Ontario member now in Toronto during the week, it's always nice to head down there. One of the things that really took me back was the vibrant small businesses that are flourishing in Kensington Market. When I've popped in, I've spoken to some of the small business owners. It's nice to see a lot of young small business owners too—our future, our next generation.

I was wondering if you could speak on some of the changes we've made to reduce the small business tax rate—I know that for small businesses this has helped to

get government a little bit off of their backs and support them in growing and expanding their businesses—and if you think that will be a positive force for our small businesses.

**Ms. Serena Purdy:** I think, for Kensington Market specifically, given the kind of pressure that we're facing right now, it honestly won't do much. I say that because when you walk through Kensington Market now, you see so many empty storefronts. So many of those small businesses, like Cosmic Treats, recently had to move out because their rent was tripled. A tax break wouldn't have saved them from that. We're seeing commercial rents of \$12,000 a month. Small vendors can't make that up. They can't maintain small businesses of that size with that kind of pressure.

**Mr. David Piccini:** Just in closing, and then I'll turn it over to my colleague: Just as a tool for small business tax reduction and WSIB premiums, another step our government has taken, in addition to allowing businesses to reinvest in their business and provide supports for that—do you see those as effective tools, writ large? I know you've spoken about rent, but those specific tools: Do you think they should be increased or decreased?

**Ms. Serena Purdy:** I think it would be great to do whatever we can to support small businesses. Right now, certainly, one of the biggest things that we're facing is real estate speculation. It's companies coming in, artificially inflating rates and keeping them up so that they can wait it out until a business that can pay shows up, and usually that's not a small business.

**Mr. David Piccini:** Thank you.

**The Chair (Mr. Amarjot Sandhu):** MPP Cho.

**Mr. Stan Cho:** Thank you for joining us this morning, Ms. Purdy. You have a very nice ring tone.

You touched on a couple of things in your presentation that hit home to me personally, being from an immigrant family. You spoke to the diversity of Kensington Market. Of course, I think if we do pop in a Google search on what to do in Toronto, not only does Kensington Market pop up, but many areas throughout our city also do, as the member opposite alluded to, such as the Distillery District, Koreatown in Willowdale—I'm being a little selfish here—but other great pockets of the city. It's no wonder that Toronto is a world-class city. It's really oftentimes due to the diversity and the coolness of certain neighbourhoods.

Let's talk about the Distillery District, for example. I think there's an example of a neighbourhood that has done a really great job of balance, and that balance is maintaining the neighbourhood charm, the character of that neighbourhood, as well as understanding, Toronto now being North America's fourth-largest city, that we do have challenges that most big cities face in terms of growth and development.

I believe there's a win-win out there for communities to maintain that neighbourhood charm as well as to understand that we don't want to close the door to new immigrants coming to this country—not just the ones who came 50 years ago like my parents. We want new Canadians today to enjoy places like Kensington Market—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Stan Cho:** —and the Distillery District. I'm wondering, in the time remaining—and I will take this feedback back to my ministry as well as the minister—what is it in the supply action plan that you feel is the biggest barrier to that?

**Ms. Serena Purdy:** I would say I agree with you that we want Kensington Market to still be a place where new immigrants can move in, and right now that is threatened. We are doing things like building a community land trust. Anything that you can do to help people build community land trusts or co-ops to ensure affordability in perpetuity in the heart of the city would be beautiful.

When it comes to the measures that you've taken so far, I don't think the community does feel that it has a voice at this point, and whatever you can do to restore that voice would be helpful, because at this point—

**The Chair (Mr. Amarjot Sandhu):** Sorry to cut you off. That concludes our time for the presentation.

**Ms. Serena Purdy:** Thank you.

**The Chair (Mr. Amarjot Sandhu):** Thank you.

Since all the presenters scheduled for this morning have finished their presentations, we are now recessed until 2 p.m., when we will continue the public hearings.

*The committee recessed from 1007 to 1400.*

**The Chair (Mr. Amarjot Sandhu):** Good afternoon, everyone. We are meeting this afternoon to resume the public hearings on Bill 138, An Act to implement Budget measures and to enact, amend and repeal various statutes.

Each witness will receive up to five minutes for their presentation, followed by up to 10 minutes of questioning from the committee, divided equally among the parties.

Are there any questions before we begin?

#### LEAFLY CANADA

**The Chair (Mr. Amarjot Sandhu):** Seeing none, I would like to call on the next witness, from Leafly Canada. If you can please come forward. Please state your name for the record. You have five minutes for your presentation.

**Ms. Jo Vos:** Hello and thank you for having me. My name is Jo Vos with Leafly Canada.

I am the managing director of Leafly Canada. Thank you to the committee for hosting today. I'm here to speak in support of the proposed legislative amendments contained in Bill 138 that would permit the online and telephone purchase of cannabis from licensed retail stores.

Leafly is the world's leading cannabis information resource, with more than 100 million people visiting us every single year to learn about cannabis, shop for products and brands that are going to fit their needs, and buy those products safely and efficiently from licensed retailers. Canada is our second-largest audience: leafly.ca sees over 25 million yearly sessions, and Ontario accounts for almost 40% of our overall traffic in-country, which is significant.

Ontarians are actively using Leafly to get better informed about cannabis. Our content offering includes the

largest strain database, comprehensive education, cannabis news, white papers, economic reports and much, much more. Our cannabis guide uses lab-sourced data to help people make smart and transparent decisions around choosing cannabis with confidence. We also train front-line retail staff through Leafly Learn, which is a digital education platform that leverages our 10 years of expertise in the industry. Recently, we've also partnered with the government of Ontario for a number of content pieces that highlight the importance of purchasing from the legal market and the risks of impaired driving and how to mitigate them.

It's in the spirit of collaboration between government and industry to align and advance public health and safety goals that we are pleased to see the inclusion of the amendments that would create a pathway for licensed retailers to offer cannabis reservation services through online platforms and the telephone. These proposed amendments allow for what's known as "click and collect." Click and collect is, of course, not a new or untested idea; it's how we shop. Millions of Canadians engage with this type of technology every single day. We use this for ordering our morning Starbucks and our McDonald's, and even for picking up our local order from our LCBO. Click and collect is a standard practice in the broader retail sector that streamlines operations and dramatically improves the customer experience.

Leafly's click and collect service, called Pickup, launched in 2018 in legal jurisdictions in the States, and in Alberta this past June as well. Since launch, nearly one million Pickup orders have been processed through the platform by over 1,000 retailers across North America, so we're diverting a significant number of purchases—and that's revenue—from the illicit market into the legal framework.

With Leafly Pickup, consumers can explore and select products through a licensed retailer's menu on Leafly. Once a reservation is placed, the retailer sets it aside and the customer is notified when it's ready. The purchase is then fulfilled by the retailer after a trained employee checks their identification and ensures that all safety checks are in place. The customer does not make an actual transaction through our platform. This is all done in the store.

We are looking to bring Leafly Pickup to the Ontario market if the legislative amendments are passed. It's our belief that pickup should be viewed as an expansion of the legal and licensed cannabis retail space, using e-commerce tools to connect consumers with the legal cannabis market. Offering people the convenience and access that they are accustomed to with virtually any other product is an essential component of a strategy to compete with the illicit cannabis market.

Leafly Pickup makes it easier for customers to shop and fulfill a legal purchase. It improves the in-store experience by freeing up staff, trimming queues for customers and allowing consumers to secure a favoured product in advance. This reduces anxiety that products may not be in place. But above all, it's convenience. This all increases



the odds that a customer will return to the legal marketplace for a repeat purchase.

The illicit market already uses online services like Pickup and delivery today.

**The Chair (Mr. Amarjot Sandhu):** You have one minute left for your presentation.

**Ms. Jo Vos:** Thank you.

Indeed, anyone today with access to the Internet can easily order unregulated cannabis online, so allowing licensed cannabis stores to take advantage of click-and-collect services like Leafly Pickup raises another goal of the Ontario government, which is to keep cannabis out of the hands of youth.

With new cannabis products coming to the marketplace, we have an opportunity to promote health and safety while also combatting the illicit market. Regulated oversight of the manufacturing of these products provides assurances for consumers who are already looking to Leafly for cannabis information they can trust. Now we need to add consumer-first technologies like Pickup to make the legal marketplace accessible. We believe that a legal marketplace must be accessible in order to be successful, and we want to continue to be part of the suite of solutions the government of Ontario has at its disposal to make this happen.

In closing, I urge the members of the committee to support the legislative amendments proposed in Bill 138 that would allow platforms such as Leafly to work with licensed retailers—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off.

**Ms. Jo Vos:** No, that's fine. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Now, we'll move on to the questioning from the government side. MPP Skelly?

**Ms. Donna Skelly:** I'll just ask a few quick questions. Thank you for your presentation, Jo, or Ms. Vos is it?

**Ms. Jo Vos:** It is.

**Ms. Donna Skelly:** Click and collect—and excuse my ignorance in terms of the process right now when you're purchasing legal cannabis in Ontario. How would click and collect expedite the process compared to the current system? Why would someone use that platform as opposed to just going and purchasing it, I guess?

**Ms. Jo Vos:** There are two ways to think about it. There are third-party platforms like Leafly and our Pickup service, and then you have to think about how we can leverage our audience in order to funnel traffic to a legal channel.

The convenience is really what it's about. So to ensure that if you were at home and you're browsing a menu online, whether it's through a private retailer or Leafly, you are assured that that product is in store, therefore you are less likely to move towards the illicit markets. I think there is an efficiency from a retail operations standpoint in order to be able to quickly package it off and put it aside. You are allowing for a better in-store experience. Then for the consumer, we know that, really, it's about a quality product, pricing, of course, and then availability, in order

to bring people into the legal framework. If we can really tackle that last part, I think it would be an immense improvement from what we see today.

**Ms. Donna Skelly:** Availability: Is that an issue when a consumer is purchasing cannabis through a licensed retailer? Is there a problem with product availability at this point?

**Ms. Jo Vos:** I would say it's more around confidence with product. So if you are planning to reserve a product ahead of time, you have confidence in understanding that that's in store. I can't comment to broader availability; I'm sure that SKUs come and go as there is supply and demand. But I do think that this actually gives more confidence and more convenience and provides the consumer a better experience.

**Ms. Donna Skelly:** Thank you. I think my colleague has some questions.

**The Chair (Mr. Amarjot Sandhu):** MPP Piccini.

**Mr. David Piccini:** Thank you very much, Ms. Vos. I appreciate your presentation today and your coming to speak before committee on this important piece of legislation and, I think, what overall is a very important rollout of the cannabis framework across Canada. I know a number of provinces are looking at this. I think that this government's proposal to allow click and collect will certainly, as you've indicated, promote and lead to greater consumer choice.

I was wondering: You spoke about confidence in understanding the product and ensuring it's there. Of course, it would be sold in the store, as you outlined, and the consumer would still have to go and produce proof of age etc. If you could elaborate a bit on the education side, about being able to understand the product and how this could help facilitate better education and understanding of the industry and the products consumers are consuming.

**Ms. Jo Vos:** Yes, sure. I can do it through a lens of Leafly. We are a platform that has been around for almost just over 10 years. What we've done is really put education at the forefront of the industry. We're trying to give the consumer as much information as we possibly can. So they're understanding of the chemical make-up of the plant, they can understand its uses, the form factors, delivery mechanisms and dosage, so that way, when they actually move into a purchasing decision, they're able to make a smarter choice. Because we know that people are really looking to consume cannabis and purchase cannabis for an outcome. Our goal is to provide positive outcomes consistently. I think, for us, it's really about servicing the best education that we can, the best of Leafly, as we have over 10,000 pieces of evergreen content, and showing the consumer exactly what they might expect, how to engage with the plant and, to be honest, the legal framework in and of itself, so they can understand where legal retail stores are. So that's a huge piece of what we're trying to accomplish.

Given the marketing regulations of C-45, it also gives us an opportunity to reach the consumer in a better and probably more efficient way than a retailer or a licensed producer could as well.

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**Mr. David Piccini:** Okay. Wonderful. And just with the last few seconds we have, how will this addition help combat the illegal market?

**Ms. Jo Vos:** I think it's all about accessibility. If you're a consumer in a rural environment, or even in the city, our goal is to provide more access points. That way, consumers can have the ability to make a choice, and a choice on the fly. I think the ability to use tools and technology to enable people to make smarter decisions around their purchasing behaviour and their education is only going to further bring people into the fold.

**Mr. David Piccini:** Thank you very much.

**Ms. Jo Vos:** You're welcome.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We will have to move to the opposition side now for five minutes of questioning. MPP Arthur.

**Mr. Ian Arthur:** Thank you so much for coming in and for your presentation. You were talking at the end there about access points, and increasing access points. Do you think the initial rollout of access points to the market was adequate for the population of Ontario, or distributed in a way that reflected population demands?

**Ms. Jo Vos:** I think that it was perhaps a slow start, but I know that with this bill being passed, and the opportunity for market demand, farm gate and the inclusion of click-and-collect services, we are definitely headed in the right direction.

**Mr. Ian Arthur:** That's perfect. I don't really have any more questions. Thank you very much.

**Ms. Jo Vos:** Okay.

**The Chair (Mr. Amarjot Sandhu):** MPP Mamakwa.

**Mr. Sol Mamakwa:** What's your understanding of the rollout? I know there's talk about the rollout of the sales, and I know there are some concerns with respect to some of the on-reserve market. What are your thoughts about that?

**Ms. Jo Vos:** I do think it's positive that we are including First Nations into the licensing regime. We're working with a number of First Nations groups across Ontario and BC—the Haida and K'ómoks First Nations. I do think it's important, because rural environments and communities and jurisdictions that weren't necessarily included in the first pass are now going to have an opportunity to commercialize within their own jurisdiction. Also, I think it enables the private sector to get more actively involved in that as well.

For Leafly, we're looking at how we can continue to educate these jurisdictions and educate these parties, to make sure that they're also accessing the best-in-class content and the best tools and technology, to be able to enable within their own jurisdictions.

**Mr. Sol Mamakwa:** Okay.

**The Chair (Mr. Amarjot Sandhu):** Any other questions and comments?

**Mr. Sol Mamakwa:** Is there anything that you'd like to add?

**Ms. Jo Vos:** The only thing I think I would add is that for us, it's really about the government working with the

industry to collaboratively bring technology solutions to market. I think there is an immense commercial and economic opportunity, even within the city of Toronto, if you think about how we could enable the tech sector to also work with the cannabis sector in order to drive our mutual goals.

I appreciate your time. Thank you very much to the committee. I hope you all have a great Monday.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. That concludes your presentation. Thank you for coming.

#### ONTARIO PUBLIC SERVICE EMPLOYEES UNION

**The Chair (Mr. Amarjot Sandhu):** Now I would like to call on the next witness, from the Ontario Public Service Employees Union. If you can please come forward. Please state your name for the record. You have five minutes for your presentation.

**Mr. Eduardo Almeida:** Thank you for inviting me here, and good afternoon. My name is Eduardo "Eddy" Almeida. I'm the first vice-president/treasurer of the Ontario Public Service Employees Union, better known as OPSEU/SEFPO. We have over 165,000 members that we represent. We have a vast array of job titles, but our basic job boils down to this: keeping people and communities healthy, safe and prosperous.

Bill 138 does exactly the opposite. It makes a few people rich, and those few people even richer, while leaving the rest of us less prosperous, less healthy and less safe.

I don't have much time today, which is incredibly frustrating because of the size and scope of this omnibus bill, so I'll move on to our submission, which has two main points.

The first has to do with clinics offering things like fertility treatments, diagnostics and cardiology. Bill 138 loosens the criteria government must use when deciding to grant them a licence. The government will no longer have to consider how well they plan to monitor the results of care that they provide.

I know the government loves to cut red tape. The problem with cutting red tape is, typically, yellow tape follows, so don't do it.

Secondly, I'll address the many changes that set the stage for more private alcohol.

Section 3 of the bill says this: The Alcohol and Gaming Commission of Ontario "shall exercise its powers and perform its duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility." Public interest, principles of social responsibility—privatized alcohol fails badly on both of these counts.

Not only that, but alcohol prices will go up; they will not go down. Study after study shows that this is true. We have listed some of them in our submission.

It's a simple dynamic: Privatized alcohol leads to more stores. More stores leads to more drinking. More drinking leads to more harm.

The Canadian Centre on Substance Use and Addiction says that alcohol already costs Ontario billions in health costs and lost productivity—\$5 billion every year.

CAMH—the Centre for Addiction and Mental Health—has, like OPSEU, called for a moratorium on private alcohol sales. Why? Because, again, privatized alcohol leads to more drinking, which leads to more harm. I don't need a study to tell me that. I'm a corrections officer out of the Hamilton-Wentworth Detention Centre, and I've seen it first-hand. More alcohol will lead to more crime, not less.

But what does Bill 138 do? It opens the floodgates. It takes the power to control alcohol away from the LCBO and gives it to the rich owners of corporations. This is true of cannabis, as well. This government's move to allow up to 1,000 privately run retail outlets in Ontario is bound to make a badly handled situation even worse. Can we trust them to act in the public interest, to be socially responsible? These are the kinds of people who got caught fixing the price of bread. Can we really trust them to keep alcohol out of the hands of kids?

The LCBO is the gold standard in the responsible sale of alcohol. Last year, the OPSEU members who work at the LCBO challenged nearly 14 million transactions over concerns of intoxication, underage purchases or somebody purchasing for someone underage. How many transactions were challenged at grocery stores? No one knows. They don't keep track of it.

Here's something else the LCBO does well: It returns billions in profits to the people of Ontario. With privatized alcohol, the owners of grocery stores and convenience store chains skim off that profit, so while the need for public services like hospitals, jails and rehab grows, we actually have less to invest in them.

**The Chair (Mr. Amarjot Sandhu):** You have one minute left.

**Mr. Eduardo Almeida:** Thank you.

But at least we get cheaper alcohol, right? Wrong. Ask Alberta, Saskatchewan, Washington state. When they privatized alcohol, prices went up.

To sum up, who benefits from privatized alcohol? Not the people who buy alcohol. Not the communities that have to deal with the damage done by alcohol. They have less to invest in actually fixing the damage it causes. The only people who benefit are a very small group: again, the owners, that 1%, the wealthiest people.

This government says it's for the people. I'd ask that you start acting that way.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll start with the opposition side this time, for five minutes of questioning. MPP West.

**Mr. Jamie West:** You mentioned that the Centre for Addiction and Mental Health did a study and they resolved that privatized alcohol leads to more drinking. I know the government is concerned about mental health and the

amount of money invested in mental health. Is this something you'd like to expand on?

**Mr. Eduardo Almeida:** I don't think it takes a lot of research to actually understand that when people use a controlled substance, it's going to do a certain amount of damage to your faculty, that there is a cause and effect.

I heard the speaker before me talk about having accessibility and having more convenience. For certain things in society, there shouldn't be that convenience. You shouldn't have a floodgate of availability for certain things in society.

Our LCBO workers are the front line. They're not just product specialists; they actually are enforcement officers. They look for people who may be abusing, who may be underage. They're the front lines of that.

Again, I don't think you need a lot of research. Anyone who has been involved with families and friends, they may have been touched by this.

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**Mr. Jamie West:** I appreciate that. I was bringing it up just to highlight the incidence of it. I've actually had constituents—I'm sure my colleagues have had the same—where there are members who are struggling with alcoholism and addiction, who are concerned about accessibility and where they can go to avoid it. But right now, they're having issues because when they go out for groceries, there's beer in the grocery stores and more and more accessibility—and the cost it will have.

Going back to the cost, I think it's important to highlight too because people don't understand when institutions are publicly owned how much more profit goes to the province. Right now, our government talks often about the debt and the deficit and the shambles that were left by the Liberal government and trying to rebuild. So I think it's important we highlight the importance of public institutions and how much more profit goes back, as opposed to goes to the shareholders in private organizations.

**Mr. Eduardo Almeida:** Yes, and the investment in the LCBO was just that. When people go in, again, it's our members, our staff; it's your employees. They are there watching out for the best interests of the communities. The caveat to that is, the profits go directly back to help the people of Ontario. They don't go to a private person. They go back to help the taxpayers. I don't want to see the same thing go on that happened with the 407. It's a little bit different, but listen: I don't know how many times that thing has been sold over and over again. It was short-sighted. It was on the front end. They thought they were going to make a lot of money on the front end, but on the back end, the amount of profit that could have actually gone towards hospitals, education, roads just from the 407, it's astonishing.

**Mr. Jamie West:** Right, and that's sort of the bit we're seeing with the partial privatization of Hydro One now.

Something I didn't realize until you had your report was that the prices of alcohol have gone up in other instances where they've been privatized. Logically, people would think that more competition would bring prices down, but what you're saying is that prices have actually gone up, so it hasn't helped the consumers.

**Mr. Eduardo Almeida:** No. Part of it is that the LCBO is such a large purchaser of alcohol in the world. It's the largest purchaser of alcohol in the world. They actually get great, great prices, which they pass on to the consumer. I don't know if that's necessarily a good thing, but in the long run, if you're talking about the ability and the cost-effectiveness of it, it is a good thing. The purchasing power of a large organization like the LCBO actually helps the consumer.

**Mr. Jamie West:** And then one other thing I'd like to highlight too is you talked about the gold standard and that 14 million transactions were challenged at different LCBOs. I think that's important. I think it's also important to highlight—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Jamie West:** I remember in my twenties, when my roommate worked at a corner store and his training for cigarettes was basically to card. I'm sure in the last twenty-whatever years it has changed, but the training and resources that go into the LCBO and OPSEU membership in terms of identifying and challenging people who shouldn't be served, can you expand on that?

**Mr. Eduardo Almeida:** Honestly, I think there should be more. Basically, my understanding is if you look as if you're under 30—right, Clarke?—they're going to challenge it. I was with someone who was in their forties and to their surprise and joy, they were challenged. They had to actually produce ID. That's typically it.

They look for intoxication, as well. It's not just about age. It's about watching people and how they behave in the store. If they're acting a little bit irrational, if they actually look like they're inebriated, then they won't serve them and they won't—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. We'll have to move to the government side now for five minutes of questioning. MPP Skelly.

**Ms. Donna Skelly:** Thank you, Mr. Almeida, for your presentation. You mentioned that you're from the Hamilton area.

**Mr. Eduardo Almeida:** I am.

**Ms. Donna Skelly:** As you probably are aware, we have what we call convenience outlets, in a lot of the rural part of my riding in particular. If you've been to the Rockton fair, you probably stopped off at the Rockton Berry Farm. These are some of the examples of convenience store outlets that the LCBO has licensed so that there is convenience for people who live in rural parts of Ontario.

I have been there many times and I've never seen what you're describing in terms of the irresponsible sale of alcohol in the outlets by my home in Hamilton—the grocery stores that sell liquor, similar to the LCBO, which I think has a very good standard of sales for checking to ensure they aren't selling to someone who is either intoxicated or under age. I've seen that same type of approach as well in grocery store outlets that are licensed to carry both wine and beer.

I'm just wondering, have you actually witnessed an incident where you believe someone under age has purchased alcohol in Ontario at a grocery store?

**Mr. Eduardo Almeida:** I don't buy alcohol in grocery stores. I want to make that quite clear.

**Ms. Donna Skelly:** But you may have seen someone else just purchasing—

**Mr. Eduardo Almeida:** Typically, when I'm in a grocery store, what I'm doing is buying groceries, getting through the cash, and getting out of the grocery store. It is not one of my favourite things to do; I don't know if it's yours. So when I go to a grocery store, my time is limited there. If I was to make a day of it, I don't know what I'd witness. Most people, when they have interactions with other human beings in grocery stores—they're in there to purchase what they want to purchase, get in and get out. They're typically not lingering around. But, personally, no, I've never witnessed it.

**Ms. Donna Skelly:** And I just want to share, nor have I. I'm a mom and I've spent a fair amount of time in the grocery store, mostly because I pick up things and it's convenient. I have purchased beer there, and I have purchased wine. I have seen, many times, people purchasing alcohol, and I've seen that if they appear to be under 30, they are asked for identification. I've never witnessed anyone who was intoxicated purchasing alcohol either in a convenience outlet or at the LCBO.

I would be hesitant, on your part, if you've never witnessed this or we've never seen cases, to argue that simply by allowing people in rural Ontario to have the same benefit that people in urban centres have—let's face it, Rockton is a good 20 minutes from the next LCBO, and for someone to be able to go and purchase a bottle of wine or a case of beer, I don't think is necessarily outrageous. It's simply modernizing a system that exists elsewhere.

Before I moved back to Ontario, I lived in Quebec for a while. I think the alcohol is less expensive on the Quebec side. I didn't see people running through the streets simply because they were able to walk into a convenience store and purchase alcohol. I'm not sure if the picture we're painting simply because we're allowing—

**Mr. Eduardo Almeida:** It does, and I have a comment on it.

**Ms. Donna Skelly:** —that convenience in Ontario—that it is going to necessarily cause havoc across rural parts of Ontario.

The other thing I just wanted to point out is, the profit margin doesn't change. People who are carrying these products still have to access them through the LCBO. The LCBO isn't covering the cost of the bricks and mortar. They're being covered by the outlet, but they still have to pay that fee—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Ms. Donna Skelly:** —to obtain the alcohol. And of course, the taxes still go back to the Ontario government. I just wanted to get your—

**Mr. Eduardo Almeida:** There are three points. I don't think alcohol in retail stores has been out there long enough to actually be gauged—

**Ms. Donna Skelly:** Even in other provinces?

**Mr. Eduardo Almeida:** I'm not going to speak to that. I'm going to speak about our province right now, because

here's what I know: I know of cases in regard to tobacco, that there have been violations of tobacco in all kinds of places. I'm sure you know about this. So using alcohol as an example—that's fine, except it's a very small measure within Ontario.

**Ms. Donna Skelly:** I would say, I don't know—if I did know about it, I would—

**Mr. Eduardo Almeida:** I've read lots about different stores losing their licence, ability to sell tobacco. So it's out there.

In regard to Montreal and Quebec, I've seen intoxication in the streets, where people are walking around because in that province they can walk around—

**The Chair (Mr. Amarjot Sandhu):** I'm sorry to cut you off. That concludes our time. Thank you so much for your presentation.

#### MR. MARIO RUSSO

**The Chair (Mr. Amarjot Sandhu):** Next, I would like to call Mario Russo. Please come forward and state your name for the record. You have five minutes for your presentation.

**Mr. Mario Russo:** Thank you. My name is Mario Russo. Good afternoon, committee Chair, committee members, staff and all else who may be in attendance or listening elsewhere. I'm here before you as a small business owner in the competitive food industry; also, as a small business owner and investor in real estate, property management and development.

From what I've read and from what I have seen today, I applaud this government's efforts in giving small business a hand up as opposed to a handout. I see a big difference there.

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We often hear, and there is truth in the statement, that small business is the economic engine of Ontario, with some 500,000 small businesses existing and employing well over two million Ontarians. But let me tell you something: It has consistently become tougher to keep the door open over the last several years. Small business owners often open their businesses to follow their dreams, to be self-sufficient, to do something they usually love. But few realize the red tape, bureaucracy and headaches that are awaiting them. It's not the hard work associated with a small business that is often the largest hurdle; it's the rising cost of utilities, the layers of red tape and things that people really don't consider when aspiring to open a small business.

Many anticipate the hard work, but they don't anticipate the roadblocks that they encounter. Small businesses often deal with duplication and triplication when dealing with municipal licences and regional obligations; and then provincial factors and obligations, like WSIB and more; and then dealing with federal obligations, like HST. People want to work. They want to provide customer service. That is tough enough in a competitive market, but they often become the government's middleman and spend more time doing that.

The small business owner often stays at work until the wee hours of the night and returns as the sun is rising. But they do that in anticipation of doing things they love, not all of the other associated factors that have become like a noose around their neck: factors, as I've said, like rising utility costs, expedited and immediate minimum wage increases from the previous government, WSIB classifications from people doing office work but being charged the same as construction workers on site—that's lunacy. All of these examples have contributed to the difficulties of small business.

Again, why am I here? Well, as one who prides himself on fiscal responsibility, I applaud the greater-than-projected deficit reductions from \$10.3 billion to \$9 billion—even that number still gives me chills; I welcome the corporate tax reduction of almost 9%; and I respectfully submit that the reported number of new jobs, exceeding a quarter of a million, is the result of red tape reduction, the minimum wage staying as is and allowing for market absorption, and an overall environment of staying out of the way and allowing entrepreneurs to focus on their business. But please don't misunderstand me: It is still not easy, but we don't necessarily want easy; what we want is fair.

In closing, I look forward and stress the urgency that in Peel region, and in Brampton in particular, where I am primarily located, key infrastructure projects are what many small businesses are looking forward to. I expect from this government, and all here at Queen's Park, projects like all-day, two-way GO in Brampton; Highway 413 creation, and not becoming another Highway 427 debacle; and last but not least, health care funding, which is not necessarily correlated directly with business but is fundamental to all living in Ontario. And if you don't have the essentials, you cannot focus on the creation of jobs and growing your own business.

But I leave this committee optimistic and in full support of Bill 138. I support anything that gets people to work and helps them to succeed. Thank you.

**The Chair (Mr. Amarjot Sandhu):** You still have 40 seconds, if you want to add something.

**Mr. Mario Russo:** No. Again, as a small business owner, I had to rush here this morning. Things like a snowfall—like today—are things that we just have to deal with. We have to go to shovel some snow before you get to business. Anything that can help get rid of some of the turbulence and some of the difficulties that we have not necessarily associated with the business—but, again, as I stated, the duplication, triplication often that is seen from all tiers of government. That's something that I wanted to stress, that if we can somehow streamline it, I look forward to seeing that.

**The Chair (Mr. Amarjot Sandhu):** Thank you. This time we'll go to the government side, for five minutes of questioning. MPP Roberts.

**Mr. Jeremy Roberts:** Perfect. Mr. Russo, thank you so much for appearing today. I haven't yet had the chance to visit Nom Nom's, but I am definitely going to have to drop by on my next visit to Brampton. I'm a sucker for a good yogurt shop.

**Mr. Mario Russo:** And cupcakes and desserts as well.

**Mr. Jeremy Roberts:** Oh, and cupcakes—I'm sold. That's all I need to know.

Listen, obviously, you've got a good grasp of the vision that we're trying to put forward in this fall economic statement. I appreciate your comments highlighting our deficit reduction targets, our investments in health care. We recognize that in order to build that competitive environment to allow our small businesses to thrive and continue to grow, we need to demonstrate that we're responsible fiscal managers as well.

I wanted to get your thoughts on what exactly this 8.7% drop in the small business tax rate is going to mean for your business and for other businesses in the Brampton area. Obviously, this is one of the big pieces that we've introduced to try and help our small business partners grow their business and be able to hire more people in the future.

**Mr. Mario Russo:** Absolutely. You touched on it: hiring more people, sustaining those difficult times. Let's call it, for lack of numbers, that extra \$1,000 or \$1,500 or whatever it translates to, sometimes is the difference between keeping the door open, particularly in the months of January and February and so forth, when there are difficulties, especially in suburban areas, when you don't have the pedestrian traffic and you don't have things along those lines.

Anything that we can do to help alleviate the overhead costs and stuff along those lines, that gives us the ability to sustain those difficult months, is something that is welcomed. It's something that we look forward to having. Every dollar counts.

I mentioned things like utilities. There are so many things that have just gone up disproportionately to what we've been able to charge. There's only so much you can charge for a small cup of frozen yogurt or a cupcake—again, in particular, in the suburban area. We don't have, respectfully, a downtown crowd that is more prone to paying a little bit more, so we have to be conscious of that when we are setting our prices, and those prices seem to be more fixed than all our other expenditures.

**Mr. Jeremy Roberts:** Thank you so much.

**The Chair (Mr. Amarjot Sandhu):** MPP Piccini?

**Mr. David Piccini:** Thank you, Mr. Russo, for your presentation today. My colleague eloquently spoke about the tax rate. I just wanted to ask if you could elaborate on a personal story. My family immigrated from Italy, and I think back to some fond memories of my grandparents who ran a shoe store, a small business in the Hamilton/Burlington area.

I was just wondering—we've heard from other speakers sort of insinuating that if it's not a large, publicly run institution, they question what small businesses do to give back. There's a troubling insinuation that our small businesses line their pockets before anything else. That's not my experience. I know, when I think of my local hospital, my local women's shelter, the first people to step up are our small businesses.

So if you could, perhaps using personal stories, just outline what small businesses mean for a small community.

**Mr. Mario Russo:** Essentially, small businesses are what people want to do. There is vision there, there is risk involved, and it's usually for passion. It's something that people want to do because they have a passion. They want to do better for their family. I have three small kids, and you always want to do something better. You have that vision of, "If I build this, it will grow to this."

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Mario Russo:** I've been in downtown Brampton for the last 20 years, and those visions sometimes are difficult. Giving the opportunity and becoming a fabric of the community have been able to sustain us and sustain some of the small businesses.

To your point, I take exception when small businesses are seen as greedy. Oftentimes, there is a struggle and there is a decision of, "Is it worth it?" Is it worth it, just closing the door and going to work somewhere else, or keeping it and striving for something that you want?

But then you sit back and—I mean, not to be too philosophical, but you want to set an example for your kids; you want to set an example of perseverance and so forth.

But business-minded, sometimes it isn't worth it in today's economy. We need to be cognizant of the fact that, like I said, for me, that bottom line of expenditures is continuously increasing. The red tape of—

**The Chair (Mr. Amarjot Sandhu):** Thank you. I'm sorry to cut you off. We have to move to the opposition side now for questioning. MPP Arthur.

**Mr. Ian Arthur:** Thank you very much for coming in, and for your presentation.

Before I was elected, I was a chef and I helped run a small business. Certainly, there are many difficulties with that. The entirety of the NDP does support small businesses and very much wants to see them thrive in Ontario. I know that it was a prerequisite for running for the party for me.

**1440**

I'm just curious about some of your numbers and the budget deficits. According to the FAO, the budget deficit actually went from \$3.7 billion under the last year of Kathleen Wynne to \$7.4 billion in the first fiscal year of the Ford government—projected now at \$9 billion. Is that in line with your—

**Mr. Mario Russo:** I can't speak to the numbers in terms of—

**Mr. Ian Arthur:** Well, you did speak to them earlier.

**Mr. Mario Russo:** No, I can't speak to the specifics.

I saw those numbers. I actually attended the budget reading here, and one thing that I applauded was any reduction in that deficit. I don't know how accurate—I saw \$10.3 billion projected, and \$9 billion is what is now projected. In a nutshell, anything that gets rid of that deficit that puts the burden on the shoulders of myself, my family and my kids, I'm looking for. I think everybody is on the same page on that.

As a small business owner, unlike large businesses, respectfully, we can't run deficits for so long. If you're not making dollars after a year or two—five maximum—those doors are closed.

**Mr. Ian Arthur:** Absolutely. I remember, in 2008, going into the red as a business, like many businesses in Ontario did with the recession, and having to climb back out of that was a very, very difficult process.

Those changes in numbers, the actual increasing in yearly deficits, come from the Financial Accountability Office, an independent office of the government whose job it is to provide those reports back to government. They have said that there has actually been an increase in the budget deficit every single year that this government—since from before they took over.

I just want to touch on one other part of it that you brought up a couple of times, and that is the rising cost of utilities in Ontario. That has a detrimental effect on businesses. It has been quoted by many business leaders, both of large businesses—the former head of Chrysler used that as an example of why they couldn't manufacture in Ontario. This government promised a 12% reduction in hydro costs. We actually just saw a 1.8% increase in the cost of hydro. We continue to subsidize it by approximately 40%. Would you comment on that? Is that going to make it easier or harder for your business to operate in Ontario?

**Mr. Mario Russo:** Well, let's get those numbers down. As a business owner, or let's call it a layperson, you always have numbers that are floating around. In a nutshell, you are right: On the bill that I get, it has gone up, and it goes up consistently. However we can get—and respectfully, I hope this is where party and partisan politics are set aside—that under control, especially as in Ontario we produce so much power, it's almost contrary to logic that we pay so much. Those months that we are slow, hydro costs or gas costs, whatever it is, continue to escalate just because of line items that you see on those bills. To that end, whatever can be done by the sitting government, by opposition, whomever—we implore all the people sitting there—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Mario Russo:** —to try to get those numbers down or under control and sustained.

**The Chair (Mr. Amarjot Sandhu):** MPP Mamakwa.

**Mr. Sol Mamakwa:** In the Far North, in one of my communities, they pay for their gas at \$4.19 per litre. If you buy 40 litres, that's \$167. What do you think the government can do to subsidize this—if you're trying to run a business like this?

**Mr. Mario Russo:** I don't know where the answers are. All I can see is, again, having a cap of sorts. We see day-to-day escalations, month-to-month or year-to-year, that aren't in line with the ability—

**The Chair (Mr. Amarjot Sandhu):** I'm sorry to cut you off. That concludes our time. Thank you so much for your presentation.

ONTARIO COUNCIL OF HOSPITAL  
UNIONS/CUPE

**The Chair (Mr. Amarjot Sandhu):** I would like to call the next witness, from Ontario Council of Hospital Unions/CUPE. Please come forward. If you can please

state your name for the record. You have five minutes for your presentation.

**Mr. Michael Hurley:** Thanks so much for the opportunity to present today. My name is Michael Hurley, and I'm the president of the Ontario Council of Hospital Unions. Charlene Van Dyk is the Chair of CUPE's Health Care Workers' Coordinating Committee and also works in materials management at Lakeridge Health. Doug Allan is a senior research officer for CUPE. We are here to talk about our concerns about the bill.

Just before Charlene takes over, I just wanted to make two points. First of all, to us, keeping the Independent Health Facilities Act indicates that the government is not keeping its commitments around privatization. Specifically, our concerns are that the gains that the community achieved in protecting public hospitals and circling the expansion of private hospitals is undone. Also, the gain that was achieved by limiting independent health facilities—97% of which are for-profit—to day-stays only, we're deeply concerned about those. I just wanted to say at the outset that, for the health care workforce, the commitment around keeping support services and clinical services publicly delivered and efficient is going to be a major battle, it seems, with the government. I just wanted to be clear about that. We're certainly prepared for that battle in the face of your legislation.

**Ms. Charlene Van Dyk:** We do have serious concerns regarding Bill 138, especially schedule 19 and schedule 37 of the bill. They both pose serious threats by encouraging the privatization of our health care system.

The government has said that it intends to cut \$1 billion from the health sector supply chain. So what, under this bill, is the health sector supply chain? Supply chain management is not limited to the goods but also includes services, which is very concerning to us.

The act gives government the power to require broader public sector and health sector entities, like hospitals or long-term-care facilities, to comply with regulations governing how it carries out supply chain management. Services provided could be contracted out, which raises the threat of needlessly expensive restructuring and privatization. The Auditor General found that health care restructuring in the 1990s alone cost taxpayers \$3.2 billion more than it saved. We believe that the new powers under this bill will be used to privatize health care services. Privatization has led to many problems for health care in Ontario, including billions of dollars misspent on projects like eHealth, Ornge, blood plasma, physio, P3 hospitals, private clinics and other ventures. These projects are hallmarked by reduced capacity, lack of accountability, cost overruns, uncontrolled spending, lavish use of consultants and, most importantly, poor health care outcomes for patients.

The Brampton hospital P3 was much more expensive than a publicly built hospital would have been and it came with reduced capacity. All of this was predicted by the British Medical Association studies of P3s in the United Kingdom, which found that privatization increased costs by 30% while reducing capacity by one third. Look at what

happened to support services in Brampton. Non-clinical services were privatized in the Brampton P3: laundry, housekeeping, portering, food services, material management, security, plant operations and maintenance. The Auditor General found that the cost for public sector non-clinical delivery would have been \$100 million less than the private provision of non-clinical services.

How can the government contemplate the privatization of support services? We thought there was a resource problem, and clearly, this is more costly.

**Mr. Michael Hurley:** There are innumerable problems around the private clinics that are well documented, with respect to the plasma clinics, with respect to Ornge, eHealth, with respect to many of the private ventures—the physio clinics. The amendments to the act in the schedule open this up as a market. That’s going to have a terrible impact on patient care outcomes. More importantly, to a fiscally conservative government, it’s going to drive up spending, and we’re in a sector which is starved for resources as a result of cuts, which pile up in each of the next five years. As I mentioned at the outset, it’s not a situation that will be allowed to pass without a vigorous, vigorous struggle.

1450

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We’ll start with the opposition side this time for questioning. MPP Shaw.

**Ms. Sandy Shaw:** Thank you very much for your presentation. I would say that we, too, share your concerns about what’s in Bill 138 around health care—a bill that is meant to be a bill on the economy, but is essentially a bill that provides incredible broad-stroke enabling legislation for this government to do what they will when it comes to regulation. So we are also very concerned.

I want to start by talking about, at the very top—this is a health care sector that is already starved for funding, as you described. The FAO says that over the next two years, \$2.7 billion of net spending will be taken out of the health care system. That’s over and above a reduction, already, from what the Ontario Hospital Association has asked for. Very quickly, can you just quantify the lack of government investment in health care and the impact that’s having? Because I have other questions as well.

**Mr. Michael Hurley:** Well, in the hospital sector in particular, which is what we’re assuming the bulk of the supply chain and clinical amendments are aimed at, we have a need for about 5% a year in terms of an increase because of medical technologies, drugs provided to patients, and doctors’ salaries, which are going up 6.3% a year thanks to the recent agreement reached by the government and the medical association. Hospitals need 5%, but they’re getting 1%. Over the next five years, their budgets will be cut in real terms by 15%.

What’s so concerning about this is the cost of private delivery is well established by the Auditor General as being exponentially more expensive than public delivery, especially around the support services and the supply chain. It’s just inconceivable that we would make these services more expensive—let alone the quality impacts.

**Ms. Sandy Shaw:** Thank you for that. It’s really a matter of historical record that Conservative governments do two things: They cut and they privatize. It’s just a matter of fact. So when it comes to health care in Ontario, we’re very concerned about this creeping privatization in our health care system, even given the underfunding that is happening now.

These schedules, particularly schedule 19, are very concerning to us. The idea that these give extraordinary powers to the minister herself to make these changes once the legislation has passed, coupled with the fact that Bill 74 essentially upended our health care delivery—we asked so many times: Why will you not use the words “not-for-profit delivery”? Because we all know it’s in the Canada Health Act. The minister never used those words. Can you speak a little bit about that, the fact that there’s no reassurance that this will not be a privatization of our health care system, and the minister herself won’t call this not-for-profit delivery?

**Mr. Michael Hurley:** Everything we see here is a movement away from a commitment to public hospitals, from the public delivery of services, and a move toward embracing an expansion of privately owned and operated clinics, which are well documented by the Auditor General here to be both patient care and financial hazards for the public.

**Ms. Sandy Shaw:** And as you’ve described, we saw under the previous Liberal government the beginning of the privatization of some of the labs. That cost us more money.

**Mr. Michael Hurley:** Each of these ventures has been staggeringly expensive for the taxpayer. I want to cry when an earnest gentleman, like the person who preceded us, talks about how important government spending is to him. And yet in Brampton, the P3—the support services, just the privatization—was \$100 million more. Would he support that? Would he support the \$3.2 billion that P3s have gone over budget by, as opposed to public delivery? Would he really support and embrace that? I don’t think he would.

**Ms. Sandy Shaw:** We need to learn from past mistakes that are right before us.

I know you’re talking about schedule 19. Can I just talk about schedule 30, which makes significant changes to the public health information protection act?

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Ms. Sandy Shaw:** I think that’s something your organization may want to look at, because really, it’s again giving broad, sweeping powers to the minister to collect our health care data, and there are no provisions at all as to how this will be shared, how this will be protected, who has access to it. In fact, it’s quite clear that the Ontario health teams can collect, use and disclose personal health information, and there’s nothing in this legislation that talks about how this data will be protected. Is that something that you might want to comment on, in the short time that we have left?

**Mr. Michael Hurley:** Corporations have an enormous interest in personal medical health data. It’s very valuable



for marketing pharmaceuticals and many other things. So it's alarming to us that there is a liberation of access to that kind of information, absolutely.

**Ms. Sandy Shaw:** Yes. They called it a “commodification,” and they said that our health information is a very valuable data set. When you look at some of the language that this government is using around collection and sharing of our health data, I think it's something that every Ontarian needs to be alarmed about—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. I will have to move to the government side for questioning now. MPP Robin Martin.

**Mrs. Robin Martin:** Thank you for your submissions. The government appreciates the vital role that CUPE members play, especially in delivering health care to the people of Ontario. We obviously consider it very important.

We agree with your earlier submissions that on Ornge and eHealth, historically, there were some disasters. We don't intend to repeat them.

But despite your submissions, I have to just say, it is our intention as a government to support our publicly funded health care system, which the minister has said on many, many occasions.

With respect to the independent health facilities, which I think you mentioned in your submissions, our intention is to improve accountability for public funds paid to the independent health facility licensees by setting out in the statute new payment powers and the circumstances in which payments should not be made; also, to establish new enforcement powers to address non-compliance with regulatory requirements; to expand the grounds on which to take licensing action to suspend, revoke, refuse to renew licences etc.; to require licensees to publish information that may be prescribed in future regulation; and, finally, to increase fines for individuals and corporations found guilty of an offence. We think those are laudable goals.

As you know, we're working to transform our health care system, so that we can devote more resources to the front lines, and the front lines of care. This includes improving home and community care and long-term care, and trying to better integrate them with the rest of the system. What the provisions with respect to sharing of information are about is to make sure that patients can have better and more seamless care, and not have to repeat their stories continually for health care providers.

We're also improving that integration of care, as you may have heard, through our Ontario health team implementation, of the local teams and Ontario Health more generally. We really think that that is a good move. In fact, we've had only positive feedback from health care providers about that, at every level. They're very excited that this is a better direction, because they're actually able to talk to each other more now, and to get somewhere in coordinating and integrating their care. At maturity, we expect that our Ontario health teams will be able to deliver a broad spectrum of health services, including coordinating and delivering our home and community care services.

But as you guys know, we inherited a huge debt—the largest of any government in the world that isn't a national government, frankly—

**Mr. Michael Hurley:** A legacy of the Harris government, probably.

**Mrs. Robin Martin:** —and the deficit, you know, was \$15 billion when we came in. We were spending \$36 million every day, that we did not have, on interest on our debt. I think it's \$1.5 million every single hour in interest on our debt, which was money we didn't have for services. So we're asking—

**Mr. Michael Hurley:** So why can we afford to spend money on more expensive private delivery? This is our point. All of these—

**Mrs. Robin Martin:** Just a second. I haven't got to my question yet. This is what I'm asking you.

**Mr. Michael Hurley:** I'm sorry. I misunderstood.

**The Chair (Mr. Amarjot Sandhu):** I will remind the members: one speaker only, please.

**Mr. Michael Hurley:** Pardon me. Sorry.

**Mrs. Robin Martin:** We're being realistic about our fiscal reality, and that means we want our public sector partners to do their part also, to maximize the funding we have and to use it as efficiently as possible.

We would welcome any submissions that CUPE has on how to improve the health care system and job conditions for health care workers while managing our costs.

We're proud of our record investments in health care—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mrs. Robin Martin:** —\$1.9 billion more than the previous government spent in their last year. Can you tell us some investments that you would like us to make in our health care system?

**Mr. Michael Hurley:** The health care system has to be funded at its real cost, because there's an aging and growing population, and the government is on track to cut budgets in hospitals and long-term care by 15% in real terms. We need that money invested—15%—to meet the costs, and we also need a factor for aging in investment.

In this climate, health care workers would say that there is absolutely not a cent to be wasted on inefficient private delivery. With the hospitals already challenged the way they are, skimming off the most lucrative, easiest-to-perform surgeries to private clinics, which is the plan, I'm afraid, is a recipe for undermining community hospitals, including in many of the ridings that the government represents.

**The Chair (Mr. Amarjot Sandhu):** That concludes our time. Thank you so much for your presentation.

1500

#### INVESTMENT INDUSTRY ASSOCIATION OF CANADA

**The Chair (Mr. Amarjot Sandhu):** Next I would like to call on the Investment Industry Association of Canada. If you can please come forward.

If you could please state your name for the record. You have five minutes for your presentation.

**Mr. Ian Russell:** Good afternoon, members of the Standing Committee on Finance and Economic Affairs. As mentioned, my name is Ian Russell. I am president and CEO of the Investment Industry Association of Canada. We're grateful to appear before you today.

The IIAC represents 120 member firms in Canada's securities industry. These dealers are the key intermediaries in Canada's capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets.

Canada's investment industry is well rooted in Ontario: 110 IIROC-regulated firms operate in the province, with 3,157 branch offices employing over 30,000 Ontarians. The industry is a significant economic driver, contributing an estimated \$40 billion in economic activity in the province in direct, indirect and induced impacts. The investment dealers also maintain sizeable operations and infrastructure in the province. These dealers commit over \$250 billion in regulatory capital to facilitate extensive over-the-counter trading in debt and in equity markets.

I will focus my remarks today on two sections of Bill 138 related to securities and capital markets: schedule 34, amending the Securities Act to allow the Ontario Securities Commission to issue blanket orders, and schedule 40, proposing to repeal the Toronto Stock Exchange Act.

We also welcome the government's pledge to create a securities modernization task force to review the Securities Act. Such a review is long overdue; the last one was done 16 years ago in 2003. Since then, we have seen profound and rapid changes in capital markets, business models and investor behavior. At the same time, securities regulation has not kept pace. It is therefore critical that the securities modernization task force would embrace industry stakeholders, such as professionals in the investment and financial sector, businesses, regulators, investors and the public, and bring forward recommendations to streamline the regulatory framework—both the rules and regulatory structure—to improve the effectiveness, efficiency and competitiveness of Ontario's capital markets. The task force should collaborate with the current OSC burden reduction task force as well as the Canadian Securities Administrators, which is engaged in considerable work to enhance the client-registrant relationship, termed the client-focused reforms.

We are pleased that the government announced legislative changes to make capital markets more efficient and flexible, including amendments to section 143.11 of the Securities Act, which prohibits the OSC from making orders or rulings of general application. The IIAC believes blanket rulings and orders should be permitted for the following reasons.

First, the Five Year Review Committee, the so-called Crawford committee, recommended that the Securities Act be amended to allow the commission to issue blanket rulings and orders to provide exemptive relief.

The regulatory burden task force echoed a similar sentiment in its December 2013 report to the OSC, stating, "The fact that new rules and amendments to existing rules cannot be implemented expeditiously severely hampers

the OSC's ability to respond to new developments and products or to rectify deficiencies in the rules in an efficient and cost-effective manner. The inability to issue blanket orders pending enactment or amendment of rules requires the OSC and market participants to incur additional costs."

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Ian Russell:** Second, all other members of the CSA have the ability to grant exemptive relief.

Third, the IIAC is sensitive to concerns related to openness and accountability. In this regard, we support the inclusion of an 18-month sunset clause and granting the commission the power to extend that period for a further 18 months.

In view of the time, I will terminate my comments there. Thank you. I'm happy to take any questions.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much for your presentation.

We'll move to the government side for questioning. MPP Cho.

**Mr. Stan Cho:** Thank you very much for that presentation, Mr. Russell. I'm happy to give you some time if you want to continue, or we can move directly to questions.

**Mr. Ian Russell:** Let's move directly to questions.

**Mr. Stan Cho:** Okay. I appreciate your feedback. I know you know that our government is committed towards working with the industry for industry-led changes to the field. It's completely unacceptable that it has been 16 years since the last review. I don't need to tell the members of this committee how much the world has changed since then.

What would moving towards principle-based legislation do for your members, your industry? You went through some of the highlights: 110 IIROC companies, 130,000 employees throughout Ontario, a huge economic spinoff from that industry. We hear you; message received on burdensome red tape, which may indeed have been well intended at the time of creation, but fails when you cannot predict the future, and certainly nobody can predict the future.

**Mr. Ian Russell:** Thank you for that question.

Principles-based regulation is probably the most effective form of regulation because it gives the firm or the individual the ability to adjust his behaviour in a way that's compatible with the underlying business model or his business. Being able to do that, yet uphold the principle, which is another way of saying to meet the same outcome, but have the flexibility to adjust that, as I said, conforming with the business of the firm, is probably the most efficient way to go.

You're right: The problem has been too much prescriptive regulation. I think two things will work towards more principles-based regulation. One is all the work that's being done now at both the OSC and the CSA. There are a number of measures that provide that level of flexibility. I'm very impressed with the client-focused reforms that have just come out with the CSA that talk about reasonable effort. So it's giving that kind of flexibility; it's not as prescriptive. I think the other thing that is important to bear

in mind is that the industry itself has shied away a bit from principles-based regulation and has said, “Give us prescriptive rules,” because we’re not convinced that the regulator will interpret what they’re doing in a balanced way—in other words, will recognize there’s an investor protection argument that’s most important, but at the same time an efficiency argument. The regulator has to be balanced in the view. In the past, there have been examples—it may be a perception as well as, in some cases, a reality that regulators have tended to be more heavily weighted towards excessive investor protection.

I think this whole move around burden reduction that’s going on, driven by your government, is being embraced by the Ontario Securities Commission and, frankly, is being embraced across the country by the regulators. If they embrace that concept of efficiency, bearing in mind that their most important mandate is protecting the investor—if the industry has confidence that there’s good judgment and balance brought to bear, the industry will be more embracing of principles-based regulation.

It’s a very good point that you raise.

**Mr. Stan Cho:** I appreciate that, Mr. Russell. On the government side, we understand that we’re not the experts in your field; we understand that you’re the experts in your field.

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Stan Cho:** So we look forward to those ongoing consultations with you.

In the very short time remaining—and this may be a very difficult question to answer in 40 seconds—what will success in your industry look like to you moving forward, as these consultations continue?

**Mr. Ian Russell:** That’s a very good question.

If you look back at the industry since 2012, we had 209 registered investment dealer firms, members of IIROC; today, we have 165. We’ve lost 50 members, which is about a 25% drop in the number of firms. That means that it undermines the diversity of our industry, particularly catering to small businesses and small investors. We want to do as much as we can to protect—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. We have to move to the opposition side now for questioning. MPP Shaw.

1510

**Ms. Sandy Shaw:** Thank you very much for your testimony. I believe you’ve deputed here before.

**Mr. Ian Russell:** Yes, I have. Very good.

**Ms. Sandy Shaw:** Just to help me understand, when you talk about efficiency—an efficient market—and when you talk about a flexible market, can you tell me what that would look like for a retail investor?

**Mr. Ian Russell:** Yes, sure. It would first and foremost mean that the investor, if you get efficiency gains—let’s say that the regulatory costs come down. Some of that is going to be passed on to the consumer. So that’s first and foremost. But two other things that are probably going to happen to the consumer—if we get streamlining right, we’ll do two things, importantly, for the consumer. We’ll

make the business and the advice-giving more efficient and we’ll take a lot of confusion away from the investor.

Right now, there’s a whole panoply of different types of registrants in the province. There are investment dealer registrants, mutual fund registrants, scholarship registrants, exempt market dealer registrants. Frankly, the small investor and consumer is really confused about all of these different registrations. He doesn’t understand them. The level of financial literacy is relatively low among many people. So to the extent that we can simplify the system and make it a little clearer to the investor—for example, you go to one registrant, and all you can buy is a mutual fund. The investor may want to buy a stock; he may want to buy a bond; he may want to buy another type of security. He can’t do it from that registrant. He doesn’t know why; all he wants is advice. He wants it to be consistent with his plan. So the system right now interferes with that. I think one of the objectives is to try to streamline the whole system and reduce costs.

**Ms. Sandy Shaw:** I like the idea that if the regulatory cost burden is reduced, this will be passed on to the consumer. How will we know that? I mean, you talked a little bit about the fact that the government is looking at a task force to include stakeholders, the securities modernization task force. How will we ensure that, as they say in French, Madame et Monsieur Tout-le-Monde know that they are going to have their voice heard—that if there are costs to be had, they should be passed along to them?

**Mr. Ian Russell:** Absolutely—a great question. I guess beginning three years ago, over the course of 2015 to 2018, the CSA and the Ontario Securities Commission put in place what’s called CRM2, which is a client relationship model which was aimed at giving a very high standard and consistency on the fees that clients pay, the charges that they pay, the adviser compensation and also the portfolio performance. An individual gets that in his financial statement every quarter—the costs, as well as the returns. That gives him a lot of information to be able to judge the effectiveness of this policy.

**Ms. Sandy Shaw:** Thank you for that, but my question, then, is—I mean, you’re talking about moving from regulatory-based rules to principle-based. My question is, how is the everyday investor, how is the retail investor, going to feel, that this is additional protection for them and that this is not just something that the government continues as more red tape, and when it’s taken away, they have less protection? Because I find it interesting that you said that the regulators err on the side of excessive investor protection. My guess is that for most of my constituents and people who call me in my role as the finance critic, they don’t feel that they have excessive investor protection; they’re actually looking for more. So I’m just wondering, where did this impetus come from—moving away from the regulator and regulatory rules to principles-based—and how is that going to protect the consumer?

**Mr. Ian Russell:** It’s not—

**The Chair (Mr. Amarjot Sandhu):** I apologize for cutting you off. That concludes our time. Thank you so much for your presentation.

ALLIANCE FOR HEALTHIER  
COMMUNITIES

**The Chair (Mr. Amarjot Sandhu):** Next, I would like to call upon the Alliance for Healthier Communities. Please come forward.

Please state your name for the record. You have five minutes for your presentation.

**Dr. Kate Mulligan:** Good afternoon. My name is Kate Mulligan. I'm here in my capacity as the director of policy and communications for the Alliance for Healthier Communities.

The Alliance for Healthier Communities is Ontario's voice for health equity through comprehensive primary health care. We have 106 community health centres, Aboriginal health access centres, nurse-practitioner-led clinics and community family health teams. We welcome the opportunity to comment on the proposed changes to the Health Insurance Act and the Personal Health Information Protection Act, PHIPA.

I'm going to start by talking about schedule 30 of PHIPA.

When it comes to the proposed changes, we ask that the collection and use of sociodemographic and race-based data is taken into consideration. The Anti-Racism Act of 2017 requires all ministries except health to collect and use these data. But health information custodians, as defined under PHIPA, are specifically exempted from regulations made under this act.

Included with our submission today is a letter from the 2017 Minister of Health and Long-Term Care, dated June 2017, which states that health was excluded from anti-racism legislation due to a need to "first consult with health sector stakeholders regarding the best way to align the data collection rules of the proposed legislation with the key legislation that governs the privacy of health information within the health care system (e.g. PHIPA)." The letter further states that a pilot would be launched quickly and collaboratively between the Anti-Racism Directorate and the Ministry of Health.

It has now been two and a half years, but the issue of mandated collection of sociodemographic and race-based data has not been addressed. We have received no indication that these consultations ever happened, or that there are any real, meaningful policy or legislative barriers to collecting and using these data in the first place.

Our view is that if we're going to really address population health inequities—and it was this committee that helped bring health equity into the Connecting Care Act, for which we are very grateful—the responsible collection and use of these data must be mandated and prioritized for all Ontario health teams, and all parties need to know that they are supported in meeting these requirements.

The collection of these data specifically supports this commitment to health equity and equitable health outcomes under the Connecting Care Act, which states that the people of Ontario and their government believe that the public health care system should be guided by a

commitment to equity and to the promotion of equitable health outcomes.

I've also included an example here of the important work by Dr. Jennifer Rayner of the alliance on the importance of race-based data in ensuring equitable access to cervical cancer screening. You might have also seen the recent work of Dr. Onye Nnorom of Taibu Community Health Centre and the Dalla Lana School of Public Health at the University of Toronto in the news in recent weeks.

We ask you to use this opportunity to clarify in PHIPA that health care providers should indeed collect these sociodemographic and race-based data, and that you also take this opportunity to remove the health exemptions under the Anti-Racism Act.

I'm now going to comment on schedule 15 of the Health Insurance Act.

We welcome the government's effort to respond to growing concerns about fraud and overbilling under the Ontario health insurance program, but there is another much more simple option that should be considered, and that is to expand spaces for salaried physicians in the province.

The recent 2019 Blue Ribbon Panel on Alberta's Finances notes that a key provincial government cost driver is how physicians are paid, noting that fee-for-service payments are particularly unsuited to chronic disease management and the primary health care model. The panel recommended a move to alternative payment models.

A recent survey by the Resident Doctors of Canada shows that "54.3% of residents are willing to practise with reduced clinical autonomy in exchange for a salaried compensation model that includes health benefits, pension, vacation time and other benefits. The salaried model was the most appealing payment schedule among residents."

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Dr. Kate Mulligan:** Just last week, the Canadian Medical Association Journal also published a policy and evidence review stating that the future of health care is salaried.

**1520**

While over 400 community health centre and Aboriginal health access centre doctors currently work on salary, this number is small compared to the number of practising physicians and primary care doctors across the province. Despite research from the Institute for Clinical Evaluative Sciences showing that the salaried-team model is associated with lower than expected emergency room visits, there are currently no policy levers by which to expand the number of salaried primary care doctors in Ontario. So we encourage this committee and the government to explore ways to expand the salaried physician compensation model. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll now start with the opposition side for five minutes of questioning.

**Ms. Sandy Shaw:** Thank you very much for your presentation. We here in the opposition support using anything data-including to improve equity and outcomes for health

and any system. I sit beside MPP Mamakwa. Each day we talk about some of the glaring inequities in and around fresh water, so we support the goal of achieving equity.

But I have to say we just received here comments from the Information and Privacy Commissioner on Bill 138. Specifically, he talked about schedule 30. We have significant concerns, as clearly does the privacy commissioner, on what the government is planning to do with our health care data.

As you know, this is an omnibus bill that only provides broad sweeping powers to the minister and the Ontario health teams, and it's not codified in the law, in legislation. They're just giving themselves huge, huge regulatory powers to determine at a later date what they're going to do with our health care information, and people are very concerned about that.

Just for your background, I'm going to read some of the comments from the privacy commissioner, who said, "Schedule 30 to Bill 138 would create several regulation-making powers governing how Ontario Health and Ontario health teams can collect, use and disclose personal health information. Given the potential for these changes to transform how health information is shared in Ontario, the IPC believes the legal authorities for Ontario health teams and Ontario Health should be made directly into PHIPA, and not be left to regulation. This will help ensure that these changes are transparent to the public, and that these authorities can be the subject of deliberation in the Legislature"—not through regulation.

I realize you see that there's a good use for personal health information, but can you see any concerns with the government not being clear on how they're going to share our health data?

**Dr. Kate Mulligan:** Well, I haven't seen the full submission from the privacy commissioner. I think that, in principle, we would support maximizing the use of the legislation rather than regulation for this kind of work. We also, though, face significant barriers in sharing well-protected personal health information.

Community health centres, for example, and other alliance members have been collecting sociodemographic and race-based data for many years and we still struggle to be able to share these data in disaggregated form with the Ministry of Health. We want to see fewer barriers to being able to share these data. I think that's primarily our interest. Of course, we are also interested in protecting people's personal health information. We have a long history of doing so for very marginalized populations.

**Ms. Sandy Shaw:** In preparation for Bill 138 where the government is making significant changes—the transition to Ontario health teams is raising significant challenges around the retention of personal health information. Have you been consulted by the ministry in your interest in using and being part of the consultation on how our health care data will be used and protected?

**Dr. Kate Mulligan:** We have availed ourselves of every opportunity to participate in consultations around Ontario health teams and legislative changes.

**Ms. Sandy Shaw:** But you have not had a chance to share your views with the government; is that what you're saying? Did you consult with them?

**Dr. Kate Mulligan:** We have reached out to the government and been heard on some of these issues, yes.

**Ms. Sandy Shaw:** Okay. So, in general, I would just like to say that when we look at schedule 30—I want to be clear. We share the laudable goal of improving health outcomes for the people of Ontario, and we certainly share the idea that we need to use every tool we can to make sure there's equitable outcomes—no questions asked. But that's not in this legislation; it's nowhere. That language is left to regulation—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Ms. Sandy Shaw:**—and we, on the opposition side, find this incredibly invasive and very worrying, and quite clearly the privacy commissioner feels the same way.

My final comment: It's not just in the Personal Health Information Protection Act that we're seeing these incredible changes and these unprecedented powers given to Ontario health teams. We don't know who these people are, whether this is a corporation. We don't know who's signing service agreements with the ministry, yet they're going to be allowed to share our health data.

In general, this is a government that's talking about the commercialization of private data, and it's an increasing concern to us and it's an increasing concern to the public. As you know, this is an issue that's exacerbated when this discussion is about personal health information. We hear the government talking about our data being a valuable dataset. There's talk of commercialization of data—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off.

We have to move to the government side now for questioning, MPP Martin.

**Mrs. Robin Martin:** Thank you for your submission. I'm not quite sure where to start here, but one of the reasons behind the changes to the PHIPA legislation is sort of what you were mentioning. We want to encourage the sharing of data between providers that are connected as part of our whole Ontario health team transformation and part of our Digital First for Health Strategy. We want to make it easier for patients to share that information on their health care journey, partly so they can book appointments online and make things more accessible that way, review their own electronic health records, but just as important, we want to make sure that the information can be shared between the providers, which a number of your members are, so a patient doesn't have to tell their story repeatedly etc.

Can you comment on some of the experiences that your members have had with respect to digital health and how they foresee working with other providers on this front as part of an Ontario health team?

**Dr. Kate Mulligan:** We agree that the ability to share data in a safe and protected way is vital for individual people to really be able to access the full range of health services in the most streamlined way possible.

At the Alliance for Healthier Communities, for over 20 years, we've been really at the forefront of collecting and using health equity data. We have the largest shared electronic medical record contract in Canada with Telus Health, and we have a bespoke data analytics business information reporting tool that helps our members make decisions. It's a very data- and health-data-driven organization. It's an alliance of organizations. So we have a lot of experience in collecting and using sociodemographic and race-based data, for example, in ensuring that we're able to target the right kinds of programs and services to the people who need them most.

You can see that poster that's included in our submission about cervical cancer screening. When you ask these kinds of questions, you're going to find answers that are different from any mainstream population health statistics and data that you get. Then we're able to make sure that, using a comprehensive, equity-focused, anti-oppressive community health centre model, we can move the dial on cervical cancer screening rates for people who otherwise would have lower access to these kinds of services. It's vital for us to be able to ask these questions.

We've been supporting the SPARK study, which is a study out of the University of Toronto and St. Michael's Hospital, around the collection and use of these data. We've been supporters of the former Toronto Central LHIN: We Ask Because We Care initiative. So we have a really long history of doing this, and we have something to share and something to offer in terms of helping other organizations to do this in a safe, anti-oppressive and privacy-protected way.

**Mrs. Robin Martin:** Thank you. I know that one of the exciting initiatives in this Digital First for Health Strategy is expanding the use of those virtual care options. We talked about video visits, secure messaging. I know many of your members, as you've just referred to, in community health centres, especially, probably serve a very wide-range clientele. So what are some of the ways that those digital solutions can be used to help get better outcomes for patients in primary care? I guess one way is the cervical cancer screening you mentioned.

**Dr. Kate Mulligan:** Yes. We're able to target by finding out stories that differ from the mainstream norm, but we're also able to offer a wide range of programs and services. So by using Ontario Telemedicine Network in remote northern communities, for example, we can expand access to French-language psychotherapy. We can expand access to a range of specialist services and so on through digital options. Even within larger cities we're able to expand people's access to specialists who are able to avail themselves to community health centres on a short-term or a part-time basis without having to leave their offices. We do find that this can be quite beneficial for our clients.

**Mrs. Robin Martin:** Yes. Finally, I think when you appeared at committee to discuss Bill 74 in April, there was some discussion about the potential role of community health providers of primary care in Ontario health teams.

**Dr. Kate Mulligan:** Yes.

**Mrs. Robin Martin:** Since that time, we've now rolled out a few of the first model Ontario health teams. Can you just maybe tell us how your members feel about their role so far in the process?

1530

**Dr. Kate Mulligan:** Our members have welcomed the opportunity to work together with other organizations and to share what we've learned. There has been a growing discourse about the role of the health care system in addressing the social determinants of health; in particular, through things like social prescribing. So we are at the forefront of those conversations and very happy to share what we've learned and to make sure that people can do this in a way that's culturally safe and culturally appropriate for folks.

We've also seen CHCs taking leadership. In Ottawa, for example, six community health centres have joined together to co-lead their Ontario health team application and submission. We've seen similar—

**The Chair (Mr. Amarjot Sandhu):** I'm sorry to cut you off. That concludes our time for the presentation. Thank you so much.

#### CONSULATE GENERAL OF EGYPT IN MONTREAL

**The Chair (Mr. Amarjot Sandhu):** Next, I would like to call upon the Consulate General of Egypt in Montreal. Please come forward.

Please state your name for the record. You have five minutes for your presentation.

**Mr. Hossam Moharam:** My name is Hossam Moharam. I'm the consul general of Egypt in Montreal, with jurisdiction over Ontario as well.

**The Chair (Mr. Amarjot Sandhu):** You can start.

**Mr. Hossam Moharam:** Chairperson and esteemed committee members, I feel honoured to stand before this esteemed committee today as a descendant of a civilization that laid the early rules for our shared human accumulated knowledge in the fields of agriculture, engineering and medicine—a civilization that blended in perfect harmony pharaonic, Greco-Egyptian, Roman, Christian and Islamic input; a place where Moses spoke to the Almighty and where Jesus and Mary sought refuge.

In this regard, I wish to thank the government of Ontario and MPP Sheref Sabawy for proposing the Egyptian Heritage Month Act, and would like to make the following remarks regarding the true benefits of the proposed act: It celebrates human knowledge and innovation, an encouraging message to present innovators that the future to come will always acknowledge—a celebration of diversity, yet in the stream of harmonious unity, a cherishing message to all Canadians to be proud of their roots here and over there. Isn't that what Canada is unique for?

Let me conclude by quoting a few verses from the Book of the Dead, written in 1550 BC:

I didn't kill, I didn't lie, I didn't steal,  
I didn't commit perjury.

I didn't cause any man's tears.  
I never caused any animal a hardship.  
I never tortured any plant by forgetting to water it.

**The Chair (Mr. Amarjot Sandhu):** You still have more than two minutes if you want to add something else.

**Mr. Hossam Moharam:** Mr. Chairperson, I asked, "Isn't that what Canada is unique for?" It is a fact that this is what Canada is unique for. In a world where there are social tensions—here in Canada, there is celebration of diversity, with the confidence that this celebration will always encourage and fall on the positive side. I've been around, in many places, so I mean it when I say that this is what Canada is unique for. It is a place where the diversity and the richness and the benefits that this diversity brings are really acknowledged.

I would also like to mention that Canadian Egyptians were among the first to demand this act. It shows a sense of digging back in their roots and that, at the same time, they are confident that this new land, where it's their home right now, will grant them the right to reconnect culturally to their roots. Thank you so much.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll start with the government side for questioning. MPP Sabawy.

**Mr. Sheref Sabawy:** Mr. Hossam, thank you very much for submitting to the hearing today. I would like you to give us a little bit of an idea, from your point of view as consul of Egypt in Montreal, about the breakdown of the Egyptian Canadian community in Canada.

**Mr. Hossam Moharam:** In general, we have an estimated number of between 300,000 to 500,000 Canadian Egyptians. The main concentration is here in Ontario and in Quebec. The community in Quebec was among the earlier immigrants to Canada, in the late 1950s and the early 1960s.

But speaking about the Canadian Egyptians here in Ontario, I have to say that they are among the most successful of the Canadian Egyptians. Simply, I have to mention that 42% of the pharmacists here in Ontario are Canadian Egyptians. Around 17% of the medical doctors here are Canadian Egyptians. Yet they would be still successful in the historic fields that we were good at thousands of years ago.

But when I visit Ontario, when I visit Toronto, when I visit suburbs like Mississauga, I return back to Montreal and I'm really proud of those Canadian Egyptians. Each one of them had a success story to tell.

**Mr. Sheref Sabawy:** Thank you very much for your answer. One more quick question: How do you think this act, or this recognition, will add to the Canadian Egyptians? How do you think this could be reflecting on the Egyptian community in Canada?

**Mr. Hossam Moharam:** First of all, it will make them happy, because they are the ones who are really driving the path to what we are discussing today.

Second of all, it will show them that they can, as I said, reconnect with their roots, whether here or somewhere else—it's not only for Egyptians; it's for everybody. This

place encourages the people here to reconnect with their roots, wherever it is. This is something that we really have to appreciate, because it doesn't exist in many other places.

The third thing is, there will be cultural events each year. I think this will not only bring joy to the Canadian Egyptians, but it will bring tourism to Ontario as well, because there will be tens of thousands of Canadian Egyptians calling on Toronto from other places—from Montreal and Vancouver as well. There will be festivities, there will be fun, there will be happiness. Isn't that what it's all about?

**Mr. Sheref Sabawy:** Thank you very much for the answer. I really agree with you on all of that. I, myself, am very proud to be a part of the Egyptian Canadian community in Canada, and I, of course, have the honour to be driving that act on behalf of myself and on behalf of the Egyptian community in Canada.

But can I ask you one more thing: Do you think that this could reflect on building more relations—maybe I would look into the financial, economical and investment relations between Canada, Ontario and Egypt.

**Mr. Hossam Moharam:** Of course, there is potential in several other fields as well. I think such activities will maybe bring businessmen from Egypt and a lot of exchanges in other fields. Of course, they will be a catalyst to many other exchanges. That would be welcomed.

**Mr. Sheref Sabawy:** Thank you very much.

**The Chair (Mr. Amarjot Sandhu):** Any other questions or comments? Thank you.

I'll move to the opposition side now. MPP Arthur.

1540

**Mr. Ian Arthur:** Good afternoon. Thank you so much for coming and for your presentation. I want to thank MPP Sabawy for bringing this particular piece of the legislation forward. It's something that we absolutely support on the opposition side.

It is part of a much larger bill and, just so that you understand, there are aspects of this bill that we cannot support and that make it very difficult for us to vote for this. Even though we will be voting against the fall economic statement, that is not a reflection of this particular part of the bill. We completely support it and would very much be pleased to see that happen in Ontario.

I don't actually have any questions. I think there were excellent questions brought to you by the other side.

Thank you very much for coming in, and thank you for your time.

**The Chair (Mr. Amarjot Sandhu):** Any other questions? MPP Shaw?

**Ms. Sandy Shaw:** I think MPP Arthur said it very well.

We do want to congratulate you on this celebration. It's millennial in the making, if you really look at that. You talked about some of the celebrations—I'm looking forward to participating, if this bill becomes law. You know, you didn't talk about the food; that's what I wanted to hear about. So will there be food as well?

**Mr. Hossam Moharam:** Definitely.

**Mr. Sheref Sabawy:** On me.

**Ms. Lindsey Park:** On Sheref—there you go.

**Ms. Sandy Shaw:** All right.

Again, thank you very much. We are looking forward to it, and congratulations. Thank you for being here today sharing with us the history of your country, the shared history with Canada and your excitement about this being passed into law.

**The Chair (Mr. Amarjot Sandhu):** Any other questions or comments? Seeing none, thank you so much for your presentation.

**Mr. Hossam Moharam:** Thank you.

#### CANADIAN EGYPTIAN HERITAGE ORGANIZATION

**The Chair (Mr. Amarjot Sandhu):** Next I will call upon the Canadian Egyptian Heritage Organization. If you can please come forward. Please state your name for the record. You have five minutes for your presentation.

**Dr. Hany Shenouda:** Good evening, ladies and gentlemen. My name is Dr. Hany Shenouda. I am a dentist practising in my dental centres in Durham region, in Pickering, Ajax and Whitby. I want to take this opportunity to thank you for the pleasure and honour of addressing this committee today and representing my community, Canadians of Egyptian origin.

Since the sixties of the past century, Canada became a great destination for Egyptians, particularly in the last 40 years. Canadian immigration rules and the great standard of living attracted many highly educated university and postgraduate Egyptians. I immigrated to Canada in 1989, 30 years ago or so, as a young dentist and went through a long and tough process to get my credentials as an Ontario dentist.

Egyptians like myself came to Canada to learn and to work hard, to further improve and advance their lives and their careers, and to prosper while contributing to Canadian and Ontario society. Egyptian immigrants excelled in all kinds of professions: trades, industry, banking, financial sector, business, educational fields, research and academia.

Ontario, as a great province, provided its citizens with outstanding opportunities to achieve their goals and realize their potential. There are close to approximately 350,000 Egyptian Canadians, of which around 100,000 call Ontario their home. They lead successful, prosperous lives for them and their families. Their resilience, perseverance, determination and drive to succeed and to integrate in their new home has been simply exemplary. Their aspirations were compatible with the core values of Canadians and Ontarians.

Egyptians in Canada are admittedly among the highest-educated immigrant community per capita. Their eagerness to learn, advance and succeed in their new home is an inherent trait in Egyptian immigrants. Many of the Egyptian community are doctors, dentists, pharmacists, veterinarians, engineers, lawyers, teachers and successful entrepreneurs. As you know, any professional international graduate spends an average of three to four years to

acquire the needed credentials to get licensed in his original profession. I know this first-hand, as I had to study and work very hard to obtain my own credentials and get licensed as a dentist in Ontario.

The Egyptian community had followed the great example this country and province put forth: diversity, opportunity, and lots of dedication and hard work. In addition to the outstanding professional success for themselves, they set an example for their own second and third generations to adopt the same values. Hence, the second generation of the Egyptian immigrants are also among the highest-educated per capita.

The Egyptian immigrants and their second generation prospered and contributed greatly to Ontario's success economically as business owners and entrepreneurs.

The Egyptian immigrants also established multiple community and social services centres, social hubs that offer and provide services to the public at large, like daycare facilities, schools, family counselling, financial and legal aid, newcomer centres, housing projects, senior citizen homes, and facilities in training and integrating centres in Mississauga and Scarborough.

There are also existing cultural contributions, represented in annual festivals, events, the ancient Egyptian Museum in Mississauga and the Coptic museum in Scarborough. Currently, there are around 30 Coptic Egyptian centres in Ontario.

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. We'll have to start the questioning from the opposition side. MPP Shaw.

**Ms. Sandy Shaw:** Why don't you take some time and finish what you have there? We'd be interested in hearing it.

**Dr. Hany Shenouda:** Is that okay, Mr. Chair?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Dr. Hany Shenouda:** I have only a couple of more minutes.

These establishments were built and financed by community donations, and run mostly by volunteers, who donate their efforts and time.

Dear committee members, Egypt played a central role as the birthplace of some of the greatest, unique civilizations: Pharaonic, Coptic, Hellenic, Roman, Ptolemaic, Byzantine and then the Arabic, French and British Empire.

Ancient Egypt was a unique land of refuge for Abraham, Moses, Joseph, Jesus and the Holy Family. Egypt also played a vital role in the flourishing of three Semitic religions: Judaism, Christianity and Islam.

Nowadays, 100 million Egyptians are poised to restore past glory, launching a hopeful and optimistic plan under a new leadership.

Bill 106, which references the month of July, coinciding with Egypt's national day, would acknowledge the Canadian Egyptian community's achievements and success story in Ontario. There is currently no legislation that acknowledges the contribution, even though Ontario has the largest number of Egyptians in Canada.

All the milestones the Egyptian Canadian community has achieved are thanks to the opportunities this province



has provided. We are truly grateful and feel blessed. We embrace diversity and the varieties of rich cultures that Canada is blessed to have.

I'll move on to the last page.

Therefore, passing this bill is not merely just an acknowledgement of past contributions, but also represents a milestone in the Egyptian Canadian mutual relationship that can open new horizons in trade and economic fields.

It also is in line with the current Conservative government attitude of an Ontario that is open for business.

I therefore encourage and urge your esteemed committee to accept the passing of this extremely significant and historic bill. Thank you, ladies and gentlemen.

**The Chair (Mr. Amarjot Sandhu):** MPP Shaw.

**Ms. Sandy Shaw:** Thank you, Mr. Shenouda. You had me until the last part, I have to say.

**Dr. Hany Shenouda:** I had to cut it short. I'm sorry.

**Ms. Sandy Shaw:** I would like to be clear: Ontario has always been open for business, because you described that, and you demonstrated that with your history of coming to Ontario, and the opportunities that were afforded to you. So I just wanted to mention that.

On behalf of the 100,000 Ontarian Egyptians, I want to make clear that we on the opposition side support this entirely. And, really, why a day? I mean, describing the history of civilization—the least we could do is give you a day.

But we want to make perfectly clear that we understand the contribution, and that we support this. This is in a bill, so you understand, that we do not support because of some of the things that are in this bill that don't meet with our values. But, certainly, schedule 11, which speaks to the idea of creating a new Egyptian Heritage Month in July—we support that 100%.

1550

We want to thank you very much for your presentation here and for the contribution that you've made to our province. Thank you very much.

**Dr. Hany Shenouda:** You're very welcome.

**The Chair (Mr. Amarjot Sandhu):** Any other questions or comments? Seeing none, I'll go to the government side now. MPP Sabawy.

**Mr. Sheref Sabawy:** Thank you very much, Dr. Hany. I'm very thankful for you taking the time to present in front of the committee today.

Of course, I myself am inspired, hearing the success story of you, and I hear, of course, many of them. That's what inspired me to come up with this bill, to appreciate the people who came here in the early time. Canada was much more challenging than maybe it is today. You built, and we are coming to build upon what you built here—our early wave of immigrants who came to Canada.

My question for you would be this: What, in your mind, do you think that us as a government could help in building the diversity and the Egyptian community integration in Ontario?

**Dr. Hany Shenouda:** I think, of course, we will need the help of the government and probably their aid in

organizing certain events to strengthen the bridges and the links between Egypt and the Egyptian community and the government.

We are currently working on some plans to organize some events to further enhance the knowledge of Canadians and Ontarians of the Egyptian heritage and achievements, and acknowledge and recognize these achievements.

In a way, when I mentioned that—other than the fact that our community feels very strongly about this particular bill, and we're very thankful for you to introduce it, of course, and present it to Parliament, agreeing on this bill and, hopefully, getting the royal assent for it will also encourage business between Egypt and Ontario, in particular, and maybe all over Canada. It will also encourage things like tourism and cultural exchange, and in line with the general attitude of Canada of embracing diversity and enriching communities and societies.

**Mr. Sheref Sabawy:** One more question, Dr. Hany: From your experience as the president of the Canadian Egyptian Heritage Association, are you aware of any similar bill like that in any other country where there are Egyptian immigrants?

**Dr. Hany Shenouda:** Not in Canada. Like I said in my short presentation, Egyptians in Canada are at least 350,000; in Ontario, there are at least 100,000. There is constant growth of Canadians of Egyptian origin.

I'm not aware of any such bill in any of the other provinces. I think this will set an important and great precedent, not only for Egyptians in other provinces but also for other communities. I would love to see other communities, like the Greek, the Italians and the Caribbeans, presenting and hopefully passing such a bill. I think it's a great enrichment for the entire society.

**Mr. Sheref Sabawy:** Thank you very much. You already have.

**The Chair (Mr. Amarjot Sandhu):** Any other questions or comments?

Thank you so much for your presentation.

**Dr. Hany Shenouda:** Thank you, gentlemen. Thank you, ladies.

#### ONTARIO CO-OPERATIVE ASSOCIATION

**The Chair (Mr. Amarjot Sandhu):** Our next witness is Erin Morgan from the Ontario Co-operative Association. She's joining us via teleconference. If you can please state your name for the record. You have five minutes for your presentation.

**Ms. Erin Morgan:** Hi. Thank you very much. My name is Erin Morgan. I'm the executive director of the Ontario Co-operative Association.

Good afternoon, and thank you for this opportunity to address your committee on behalf of the Ontario Co-operative Association. We represent and advocate for the over 1,500 co-operative enterprises in Ontario, employing 57,000 people and generating \$6 billion for the economy every year.

The co-operative sector is very pleased with the commitment from the provincial government to modernize the co-operative legislation detailed in Bill 138. Co-operative businesses in Ontario have been advocating for the modernization of our Co-operative Corporations Act for 15 years to better meet the needs of communities across the province. The government heard from many of our co-operatives through a consultation process in January of this year and has responded with improvements that will reduce red tape and provide stable jobs to many Ontarians.

Specifically, the improvements to the legislation will eliminate the requirement to do 50% of business with members to allow co-operatives to compete and innovate on a level playing field with all businesses in Ontario. The updates to audit rules will reduce administrative burdens on community-owned co-operatives and allow their income to fund increased services to members. Moving the Co-operative Corporations Act to the Ministry of Government and Consumer Services will improve ties between our sector and other business sectors in Ontario and allow our businesses to access government programming for business improvements.

With the modernization of our legislation, our success will most significantly be measured in economic impact. We estimate, based on the impact that modernization has had in other provinces, that we will see a 10% to 15% increase to annual growth in our sector. We estimate that this growth will create 5,000 new jobs and \$250 million in revenue per year in Ontario. Many of these jobs will be in rural and northern communities across Ontario. The co-operative business structure is ideal for business development in these communities. Community members agree on a business solution to their needs: design and build the business from the grassroots, then patronize and govern the business to ensure it continues to meet the needs of community members over time.

The model is extremely successful at addressing community-based needs with community built solutions without the need for ongoing government funding. In fact, co-operative businesses are twice as likely to remain in business after 10 years compared to other types of business.

The co-operative model also provides an innovative way to raise capital when the business will benefit a community. Instead of angel or venture capital investors, those who will benefit from the goods or services of the business can invest and democratically own it. Statistics show that this model of community ownership has a greater chance of success than other start-up business models. A community can include towns and villages but can also be people online with similar business goals or skill-based workers caught in the gig economy who could benefit from working co-operatively to share business opportunities. These beneficial changes to our legislation will enable not only new business development, but also offer true solutions to societal issues facing our province.

On behalf of Ontario's co-operative businesses, I would once again like to thank you for hearing our need for the

modernization of the 45-year-old Co-operative Corporations Act and for making the necessary changes to improve the business environment for the future of the sector. We would also like to thank the many people within the Ministry of Finance, including the Ministers of Finance and the Minister of Finance's office staff, as well as the Ministry of Government and Consumer Services and financial services regulatory staff who have helped us over the last 15 years to make the changes that will position co-operatives for success in the future.

We look forward to a continued positive relationship with government, an improved legislative environment, a successful future of economic growth, and improved community access to goods and services delivered through democratic, values-based businesses.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll move to the government side now for questioning. MPP Cho.

**Mr. Stan Cho:** Thank you for joining us over the telephone today, Ms. Morgan. We appreciate your comments. What you're saying resonates with me. We've heard some similar comments from other presenters here today. Of course, being at the Ministry of Finance, we are constantly talking about that it's unacceptable that we've had your industry and others not have regulations and legislation that make sense and that really hasn't been looked at, in your case, in 15 years; the credit unions, a quarter century. It's a long list.

This is why we've decided that we need to listen to the industry experts and create principles-based regulations that are not overly prescriptive. In your case, it's not frankly good enough that things are well intended but they lead to poor outcomes. In your case, we're hearing that your outcomes haven't remained relevant to the times.

**1600**

For the sake of the committee members today, I'm hoping you can explain a little bit more what the 50% rule means, what you would like to see changed, and how you see this helping your members, your businesses—well, co-operatives—to grow and prosper.

**Ms. Erin Morgan:** Probably the easiest way to explain is to use an example. In an agricultural co-op, where the members are farmers, if that co-operative wants to expand to offer a service like, say, fuel distribution: In the previous rules, the co-operative had to do 50% of businesses with members. So an acquisition of a large sector like fuel distribution that would have both farmer and non-farmer customers would go against the 50% rule right away in the transaction, because the majority of a fuel business's customers would be non-farming. Only 2% of the population is farmers. What it would do is prevent a large agricultural business from acquiring a large segment of business that would benefit their farmer members as well as non-members.

What this does is, it just allows a co-operative to make a statement in their bylaws about the percentage of business that their co-operative does with their members and to allow them to acquire businesses and to grow and

expand and innovate to serve their members but also to serve the local community.

**Mr. Stan Cho:** That's great to hear. I think more business, we'd all agree, means more jobs and more revenue for the province, as you alluded to.

Since we're on the topic of fuel, fuel was a topic mentioned in the fall economic statement. I'm wondering if you could tell us how the reduction in the aviation fuel tax would benefit—many of your members, I'm sure, the 57,000 employees in your sector, are employed in the north. Can you speak a little bit about how the reduction of the aviation fuel tax from 6.7 cents a litre to 2.7 cents a litre will affect your members?

**Ms. Erin Morgan:** Well, I can think of one specific example. Our members travel from the north down to Toronto quite often to do business and to connect, because one of our co-operative's principles is co-operation amongst co-ops. Ontario is a very large place. Any reduction to taxes and costs to companies and individuals who are flying for business or personal reasons is a benefit to everyone in Ontario.

**Mr. Stan Cho:** Ms. Morgan, of course we cherish our communities in the north. I've also heard from other stakeholders that it helps to reduce the cost of—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Stan Cho:**—everyday goods being transported to the north. So the economic benefit to that tax reduction is certainly something that we all can prioritize and treat as very important here in the province.

With the few seconds remaining, I was wondering if maybe you could speak to how the reduction in WSIB premiums has affected your members.

**Ms. Erin Morgan:** I can't think of anything specifically, but I think that any reduction in costs will definitely benefit all the businesses in Ontario, so I don't think you'd have any opposition from any of our co-operative members.

**Mr. Stan Cho:** Thank you for your feedback today, Ms. Morgan. We look forward to consulting with your group as we move forward, to make sure we get the regulations right, principle-based, to make sure that you all prosper as well.

**Ms. Erin Morgan:** Thank you.

**The Chair (Mr. Amarjot Sandhu):** We'll move to the opposition side now for questioning. MPP Shaw?

**Ms. Sandy Shaw:** Thank you very much, Ms. Morgan, for the presentation here. If I haven't already made this clear, I am a huge supporter of the concept of co-operatives. I spent a lot of time working in a credit union, which essentially is a financial co-operative, so I'm familiar with the principle. I'm familiar with the seven co-operative principles—I actually have them memorized—and really, in many ways, they intersect with a lot of the values that we share with the New Democrats, so I wanted to start by saying how much I support this industry and this way of doing business.

**Ms. Erin Morgan:** Thank you.

**Ms. Sandy Shaw:** You didn't get a chance to say it, but I think people are often surprised by what is a co-op in

Ontario. I think we all know Mountain Equipment Co-op because it's in their name, but I think that people don't understand that Gay Lea, for example, is a large dairy co-op. Organic Meadow: I just learned that it's a co-operative. I think people aren't quite aware and should be made more aware of the size, the scope and the scale of co-ops, and their influence in communities around Ontario.

Having said all that, I'm particularly interested in your comments around raising capital for co-operatives. I was part of an initiative in Hamilton to raise capital for a grocery co-op called the Mustard Seed, and it was quite an intensive process to do that. Can you talk a little bit about the impact of the modernization of the Co-operative Corporations Act in raising capital?

**Ms. Erin Morgan:** Well, we have a unique way of raising capital in the co-operative sector; it's called an offering statement. Our co-operatives work with the Financial Services Regulatory Authority to prepare an annual offering to raise capital to capitalize the co-operative.

It's not in this bill because it's not part of our legislation—it's actually part of the regulations—but we are working with the government to raise our limits for offering statements fivefold. We're hoping for a fivefold increase to our offering limits, which would allow co-operatives to raise more money without having to go through the rigorous process of an offering statement. It would put it more in line with other exemptions under other securities acts.

**Ms. Sandy Shaw:** Just so I'm clear, this exemption is not in the legislation. It's going to be determined, once the bill is passed, through regulation. Is that what you're saying?

**Ms. Erin Morgan:** Yes. Our offering statement limits aren't legislated; they're regulated, so it's a different process. We're working with the Minister of Finance and people within FSRA to discuss where those appropriate limits should be. But we're hoping for a fivefold increase.

**Ms. Sandy Shaw:** Also, I'm aware that the Toronto Renewable Energy Co-operative had some concerns about the way they could raise capital and member share capital. Can you talk a little bit about, if this exemption is given through regulation—I always argue, why is it not in the legislation? The devil is in the details, so why is it not in the legislation? Can you share with me how this exemption that you're looking for would help energy co-ops address climate change, and how they would be able to, given some of the changes we've seen to our environmental protections and some of the innovations we've seen around clean, green energy—can you talk about how your sector could benefit to help us move toward achieving our climate change numbers in Ontario?

**Ms. Erin Morgan:** Absolutely. Renewable energy co-operatives work by members of the community being able to purchase shares in the co-operative. By purchasing a share—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Ms. Erin Morgan:**—you are investing in the co-operative, and they use that money to purchase either solar

panels or windmills or other ways of creating renewable energy. Then the co-operative returns—based on the energy created, there's income, and they return money on the investment to the shareholders. That's how it works.

The elimination of the 50% rule is usually beneficial to these renewable energy co-operatives; it's complicated why. They're very happy with the elimination of the 50% rule.

The increase in the limits will mean that we can have more renewable energy co-operatives created without a lot of red tape and the burden of a lot of administrative work.

**Ms. Sandy Shaw:** Would you say that there's an increased appetite out there for people to invest their dollars in renewable energy—

**The Chair (Mr. Amarjot Sandhu):** I'm sorry to cut you off.

That concludes the time for your presentation. Thank you so much for joining us.

#### INVESTMENT FUNDS INSTITUTE OF CANADA

**The Chair (Mr. Amarjot Sandhu):** I would like to call the next witness, from the Investment Funds Institute of Canada. Please come forward.

Please state your name for the record. You have five minutes for your presentation.

**Mr. Paul Bourque:** My name is Paul Bourque. I'm the president and CEO of the Investment Funds Institute of Canada. I thank you for the opportunity to provide our input on some of the proposals in the Ontario economic outlook and fiscal review.

I first want to say a few words about IFIC. We have 150 members across Canada, made up of investment fund managers, investment fund distributors and those who support the investment fund industry: legal firms and auditors.

The investment funds industry manages about \$1.8 trillion in Canadian long-term savings. It contributes about 1.7% of Canadian GDP, or about \$37 billion. It provides 226,000 good-paying, durable jobs, and contributes about \$7 billion to provincial and federal tax revenues.

I'm here to talk about three aspects of the Ontario economic outlook and fiscal review. The first one is the proposal to allow the Ontario Securities Commission to issue blanket orders: orders that would cover all market participants with one order. I would like to speak as well to the proposal to review and modernize the provincial Securities Act, and, finally, to speak to the proposal respecting financial professionals title protection, which is the name of the act, and speak a bit about title reform for financial professionals.

1610

In terms of allowing the OSC to issue blanket orders, our members support giving the Ontario Securities Commission the ability to provide blanket relief to all market participants through one order. This would put the Ontario Securities Commission in a position similar to other members of the Canadian Securities Administrators

in other provinces who have used this power very effectively for many years.

It allows the commission to act swiftly to address emerging market issues on an interim basis and then allows space and time for more considered regulatory policy responses. It reduces the burden on both the regulator and the industry from dealing with individual applications for orders and relief that are required or desired by multiple industry participants. Without this kind of power, firms have to apply individually and the regulators have to address each request by way of a separate order, creating cost and burden for both.

We also support the proposed review and modernization of the Ontario Securities Act. Large parts of securities regulation, as you know, are now addressed through harmonized national instruments that represent the collective work of the 13 provincial securities regulators. This highly harmonized approach to creating national regulations is very important for all aspects of the securities industry and especially for the investment funds industry.

As a result, it is valuable to re-evaluate the Ontario Securities Act itself to determine what is necessary to have in the act as opposed to the national instruments. The national instruments provide a more flexible and efficient mechanism for responding to market events. Legislation typically takes much longer and is far more complicated. We should think about what should be in the act and what should be in the regulations, and look to other provinces to see what other provinces have done. We should also look to see what is unnecessary, or outdated, or redundant or duplicative in the act.

I'd like to finally address the title reform issue. We continue to support proficiency requirements for financial planners and a prohibition on anyone holding out as a financial planner without appropriate education and proficiency to protect consumers. We agree that financial service providers should have titles that are easy to understand and that describe the services they provide; however, proficiency and supervision are not the same thing. We say that to ensure that appropriate proficiency for financial planners and financial advisers should not result in additional and duplicative regulatory burden or duplication or regulatory oversight of licensed securities professionals who are already well regulated by self-regulatory organizations and provincial securities commissions. Thank you, Mr. Chair.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll start with the opposition side this time for questioning. MPP Shaw.

**Ms. Sandy Shaw:** Thank you very much for your presentation, Mr. Bourque. Maybe you can help me to understand more deeply the reason that you support blanket orders. You did say this allows the market to respond more quickly to emerging market issues. Can you describe to me what that would look like?

**Mr. Paul Bourque:** It allows the regulators to respond more quickly to emerging market issues. So, for example, if innovative products and distribution models come

forward, sometimes they don't fit squarely within the regulatory requirements either in the act or in the regulations, so some accommodation must be made to provide an exemption.

Provided that the intent of the innovation is consistent with the spirit of the act, the commissions are entitled to provide relief. They can do that one at a time, which is what they have to do in Ontario, or, where it's a common problem amongst many firms and many businesses, they can issue a single order, a blanket order, that covers all the market participants, so they don't all have to come forward individually and make their own application and pay separate fees for that.

**Ms. Sandy Shaw:** Thank you. So that I understand, this allows for blanket orders, but the regulator's ability to still issue separate orders would remain?

**Mr. Paul Bourque:** Yes.

**Ms. Sandy Shaw:** When you look at making significant changes to something like the Securities Act—which has a huge impact, as you described earlier; you were talking about investments in the trillions of dollars—there had to be some downside to this. There had to be some discussion. There are benefits and there are risks. Were there any risks that were discussed, and things that you considered and rejected, when you came to supporting the idea of blanket orders?

**Mr. Paul Bourque:** My support of blanket orders comes largely from my own experience. I was previously the executive director of the British Columbia Securities Commission, which has had the power to issue blanket orders for over 20 years. That power has been found to be very effective in terms of quickly and swiftly responding to emerging issues, issues that had not been thought of, issues that were not caught squarely within the provisions of the act.

These are not permanent orders; these are temporary orders. Blanket orders have a date. It provides for a more considered review of the policy issues that the application has raised, so that it gives time for the regulators to consider whether or not a permanent solution would be appropriate. That would require amendments to either the National Instruments or the Securities Act.

**Ms. Sandy Shaw:** Thank you. I guess the reason that I'm trying to understand this more clearly is that one of the concerns I have, and that I believe my colleagues share with us, is that there's so much in this bill that's just enabling legislation. When we get down to the regulation, that's when we really understand what the impact will or will not be to people when it comes to the legislation.

So I want you to help me understand how you see changes that move from regulatory requirements, or regulatory rules, to principle-based rules. Allay my fears that this will lessen consumer protection, especially, as you said earlier when we were talking about investment funds, for people who are putting their money away for pension. How does moving from prescribed regulations—that were there to protect consumers—to principle-based not lessen consumer protection?

**Mr. Paul Bourque:** I don't think there's any negative impact on investor protection. The power to grant exempted relief has always been in the Securities Act.

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Paul Bourque:** So this process has always been available. Now it will be available in a way that can be provided to all market participants in a more efficient and effective way. But the power has always been there.

To your point, principle-based regulation is important and it's necessary, but from time to time, you need prescriptive rules as well.

**Ms. Sandy Shaw:** If I were to describe to one of my constituents what principle-based versus legislative means, how would I best describe that?

**Mr. Paul Bourque:** A legislative enactment can be a principle-based enactment. It's simply a high-level description of a regulatory outcome that would be principle-based. Then you would provide in the regulations, or leave it to the self-regulatory organizations, to describe how to achieve that outcome.

**Ms. Sandy Shaw:** Okay. Around title reform, you were talking about the self-regulatory bodies. You were saying that you think that they also should have this ability to move to principle-based versus regulation?

**Mr. Paul Bourque:** No, I'm not trying to connect those two. On the title reform—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. We have to move to the government side for questioning now. MPP Cho.

**Mr. Stan Cho:** Actually, MPP Shaw's line of questioning is similar to where I'm happy to pick up.

**Ms. Sandy Shaw:** Imagine that.

**Mr. Stan Cho:** Yes. Hey, thank you for that, Sandy.

Mr. Bourque, you were touching on some very important principles there—that principle-based legislation is about outcomes-based results. What we're trying to avoid here is being overly prescriptive, understanding that this world changes, and it changes very quickly of late. We're looking at a Securities Act that hasn't been updated in a decade and a half, and I think we can all agree that a decade and a half has led to monumental change in our world and in how businesses run their day-to-day operations.

I appreciate your comments on that, and I will get back to title reform in a second, but you sort of piqued my interest when you told us about your role as executive director out in BC.

I'm a firm believer that we need to consult with the industry experts and look to other jurisdictions' successes and failures. So I'm wondering, beyond the reforms that you've already touched on in your role there, could you touch on some others that we should be adopting in the province of Ontario?

1620

**Mr. Paul Bourque:** What would come first, I think, in terms of what the government could do in giving power to the Ontario Securities Commission to make regulation more effective in Ontario would be to give the Ontario Securities Commission the power to join the two-way

passport which currently exists across Canada, except for Ontario. This effectively allows market participants one-window access to one decision-maker wherever they are principally located. You can do that everywhere in Canada, except Ontario. Ontario does not accept the decisions of other securities regulators. It would be extremely valuable if Ontario joined the two-way passport, so across Canada you'd have effectively one-window access for all market participants for whatever services or relief they needed across Canada.

**Mr. Stan Cho:** Thank you, Mr. Bourque. Those are the types of specifics that our ministry will continue to consult with you on to hammer out those regulations, because it's important it's led by you, not government. The industry leaders should be the ones forming those regulations.

I want to touch on the \$1.8 trillion in retirement savings. Are these multi-billion-dollar corporations or very rich individuals you represent?

**Mr. Paul Bourque:** No. Our industry represents retail mutual funds. These are modest Canadians who are saving for retirement. The average size of the Canadian investment account is under \$100,000. Most Canadians purchase their investment funds with advice, either paid directly or through an embedded commission—80%.

More and more Canadians have to rely on their own savings in order to provide for their retirement income security. We know there are fewer and fewer workplace pension plans. There are fewer defined benefit pension plans. So Canadians more and more have to provide for their own retirement security, and one very valuable way of doing that is through investment funds.

**Mr. Stan Cho:** Thank you for that, Mr. Bourque. Those clients, I'm sure, who have entrusted your industry are those small business owners who really don't have those pensions that we're speaking of. It's very important to treat that money carefully. How will title reform help?

**Mr. Paul Bourque:** Title reform will help protect investors from those that hold themselves out as being qualified and proficient as financial planners and actually aren't. Anybody can call themselves a financial planner. There is no restriction on that title, and there should be. There are good credentialing organizations in Ontario that have courses that prepare people for this profession. Those credentials should be mandatory and no one should be allowed to hold themselves out as a financial planner without those credentials.

**Mr. Stan Cho:** I'm sure you've got examples of where that has gone the wrong way, where it's gone sideways.

**Mr. Paul Bourque:** Unfortunately, there are far too many examples.

**Mr. Stan Cho:** And that is—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Stan Cho:** That is happening as we speak, is it not? Would you agree that the urgency in conducting that industry-led consultation is quite high?

**Mr. Paul Bourque:** Yes. We've been consulting now for a number of years with the previous government and this government, and we think it's time to bring in those

rules to protect the public from people who aren't qualified to practise financial planning.

**Mr. Stan Cho:** And I will wholeheartedly agree with you from the Ministry of Finance, Mr. Bourque, and we will continue to consult with your organization to get it done. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Any further questions or comments? Seeing none, thank you so much for your presentation.

**Mr. Paul Bourque:** Thank you.

#### FEDERATION OF NORTH TORONTO RESIDENTS' ASSOCIATIONS

**The Chair (Mr. Amarjot Sandhu):** Next I would like to call upon the Federation of North Toronto Residents' Associations. If you can please come forward. If you could please state your name for the record, and you have five minutes for your presentation.

**Mr. Geoff Kettel:** My name is Geoff Kettel. I'm co-president of the north Toronto residents' association. With me today is John Bossons. He is professor emeritus of economics at the University of Toronto and a member of our board.

**The Chair (Mr. Amarjot Sandhu):** You may start now.

**Mr. John Bossons:** Thank you. First of all, let me just say that the Federation of North Toronto Residents' Associations represents 30 residents' associations in north Toronto. That's basically Toronto from Bloor Street up to the 401, in the centre.

We want to make five points today concerning schedules 10 and 31, the changes that are proposed, notably, to the Planning Act and to the Development Charges Act.

First of all, dealing with section 37: I don't want to talk about section 37 as a levy on developers. What I want to talk about is the use by municipalities of section 37 as means of registering a grievance on title. It's been a very important mechanism by which municipalities have ensured certainty in the enforcement of agreements that they enter into with developers. That role is very important. We strongly support the point that has also been made to you by the city of Toronto in its brief that there's a need to add a provision authorizing registration on title of municipal agreements with developers. That's a mechanical issue, but it's an important one.

Secondly, we want to make a point about the issue of making development charges based on land value. Land values by their nature aren't very well determined. The new community benefits charge enacted by Bill 108 provides for the appointment of appraisers on both sides, but the key point is that adjudication of disputes over land values is basically problematic. Land values are not well defined. They depend on the development potential of land. They depend on a whole lot of factors. There are lots of issues that need to be adjudicated, and that is expensive, it's problematic and it's anything but transparent, because negotiations will be dealt with confidentially in order to be a settlement approved by a municipality. It would be far

better to base caps for development and community benefits charges on things that can be identified clearly, like land area, like number of units in a development or floor space index. We just urge that you rethink that issue.

Thirdly, a need to retain separate provision of parkland dedication under the Planning Act: We are very concerned, as you can imagine—I mean, coming from an area in which Yonge-Eglinton is the centre, the amount of development that we're seeing is huge and the amount of parkland that's available for families with children is just totally inadequate. The provision of parkland is important—and not just in central Toronto; in suburbs—and it's really important that we get adequate parkland for children to play, and also for seniors to be able to—

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. John Bossons:** How much?

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. John Bossons:** Okay. Anyway, land value caps aren't well related to that. We urge you to talk about a parkland dedication rule that is based on something more firm.

Fourth, there's a real need to ensure that there is no gap—this point has been made to you, I think, by many others—between the effective date of repeal of sections 37 and 42 and the date of enactment of community benefits charges. That should be self-evident. I know the department of municipal affairs is taking that into consideration. I just want to underline the importance of ensuring there is no gap.

Finally, with respect to subsection 37(11.12), we urge that schedule 31 be—

**The Chair (Mr. Amarjot Sandhu):** Thank you. I apologize to cut you off. We have to start the questioning from the government side. MPP Skelly.

**Ms. Donna Skelly:** If you would like to finish your thoughts, go ahead.

**Mr. John Bossons:** Okay. Thank you. Just with respect to that issue, we're concerned that allowing an appeal of the community benefits charges to the LPAT is something that just basically opens up opportunities for negotiations that are, again, very non-transparent and offer opportunities to game the system for developers. The proposed legislation imposes a limitation on the powers of the LPAT which is one-sided, saying that they cannot increase what a development charge would be on a particular development in a particular case. We recommend that be changed to that LPAT can neither increase nor reduce a case-specific charge. No problem with an appeal as to the merits of the bylaw; it's just that we want to ensure that that's not used as an excuse to game the system.

1630

**Ms. Donna Skelly:** I'm going to ask you a question about your particular area. I'm from the Hamilton area and was on the city council for a while. Of course, Hamilton—my colleague would probably agree with me on this—is a unique city. It has unique challenges and probably is not similar to some of the issues that your particular area is facing. My question to you is this: The north Toronto residents' association represents a specific part of Toronto.

What are the unique needs or challenges of your specific neighbourhoods, and how would they relate to some of the community benefits that you probably are asking for from some of the developers?

**Mr. Geoff Kettel:** Shall I jump in on that one? With respect, I don't think they are unique. The only thing is that there's such a huge increase in the population in that area. North Toronto and North York are growing, as the whole city of Toronto is growing and like other places like Ottawa are growing. The issues represented here are by no means unique to north Toronto.

**Ms. Donna Skelly:** Would you agree?

**Mr. John Bossons:** I definitely agree, yes.

**Mr. Geoff Kettel:** These are generic issues, policy issues that work across the province.

**Mr. John Bossons:** If you like, they're worse in the area in which we live because of the huge intensity of development that's occurring there.

**Ms. Donna Skelly:** I was going to say that intensification has to present unique challenges. You asks, especially when you're dealing with community benefits, would be somewhat—I would assume. I'm spending far more time in Toronto than I ever have in my life, but I find it much different from some of the community benefits that community groups are asking for from developers in my area. I have an urban and rural mix, of course, in my community, so parkland in the rural part of the area isn't necessarily one of their asks, but I'm sure that green space is one of the—

**Mr. John Bossons:** But I'm sure that in central Hamilton it is.

**Ms. Donna Skelly:** In central Hamilton, perhaps.

**Mr. John Bossons:** The issues here are just that it's really important to try to find ways in which to handle the huge increases in population. That's occurring not just in Toronto but throughout the GTA. We're talking about looking at several million more people in the GTA between now and 2040. That's going to mean more intense development throughout the area and it's going to require means of handling the social needs of families, low-income groups etc. There are many community issues.

**The Chair (Mr. Amarjot Sandhu):** One minute.

MPP Cho.

**Mr. Stan Cho:** In the one minute I have remaining I want to empathize with the concerns you just expressed. I come from a riding that has hit its provincial growth targets for 2041. We've seen governments of all political stripes fail to anticipate that, fail to invest into the necessary infrastructure—transit, education systems—and I think that's really a priority for this government as well. That's why we've been pushing for updating some of the rules around that overcrowding, that investment in the infrastructure, that investment into the transit system.

We are behind. There's no question. Toronto is now the fourth-largest city in North America. The world understands that this is the best place in the world, so we're going to do our best to catch up. I believe that the transit expansion, \$28.5 billion, with the support of all three levels of government, is a step in the right direction. We

look forward to continuing to consult with your group to make sure that we don't fall this far behind again in the future, and we right the wrongs of the past.

**Mr. John Bossons:** We appreciate that.

**Mr. Geoff Kettel:** It's more than transit. It's child care; it's street improvements; it's trees—

**The Chair (Mr. Amarjot Sandhu):** Sorry to cut you off. We have to move to the opposition side now for questioning. MPP Arthur?

**Mr. Ian Arthur:** Good afternoon. Thank you so much for your presentation this afternoon. You talked about the gap in timing between the revocation of DCs and the introduction of the CBCs, and you said that it should be self-evident why that could happen, but would you be willing to just elaborate on what are some of the dangers of one not being ready to go when the first one is revoked?

**Mr. John Bossons:** Well, simply that if there's a gap, then that means that when a development is approved in that gap, there are no rules that apply—

**Mr. Geoff Kettel:** No money for benefits.

**Mr. John Bossons:** —and consequently no development charge and no community benefits charge. We're just very concerned about the potential for that. I'm sure that everybody in the government, in staff and in the Legislature is aware of that. The issue is that the necessary time it takes to enact municipal bylaws be allowed for.

**Mr. Ian Arthur:** So if I was a developer, it would look like a pretty golden window.

**Mr. John Bossons:** If you allow it to exist. We're just trying to underline the fact that it's important that that not occur.

**Mr. Ian Arthur:** Thank you very much. Moving on to the land value problem, the adjudication of conflicts, in terms of a government with a mandate for red tape reduction for speeding things up, that creation of a space for increased conflict because there is so much interpretation: Do you think that's in line with expediting development in Ontario or do you think that there's some danger there that conflict could lead to difficulties with development in Ontario?

**Mr. John Bossons:** We understand a desire to try to provide something that is more uniform and more transparent. We totally understand that. We're just suggesting that in order to achieve that, it would be better to have some clear, concrete definition of the nature of the charge, like something based on floor space or something based on number of units, rather than something based on land values, which are not certain and the determination of which is not transparent.

**Mr. Ian Arthur:** At the end of the government's questioning, you were talking about the community benefits and the community development that's needed as being more than just infrastructure spending. Would you elaborate a

little bit on the other things that are needed to make a community vibrant and thrive?

**Mr. Geoff Kettel:** I was involved in a mediation two weeks ago with a major developer, and we were talking about child care, we were talking about affordable housing and we were talking about streetscape improvements. We were talking about traffic calming, because you've got more—it's not just transit—and obviously education: schools. That wasn't even part of the discussion, but that's a huge thing. All the people in these units: They're going to have children. They need space to play; they need education.

It's very easy to do the development. It's harder to ensure that the people moving in over a period of time live in a vibrant, safe and what we in planning call a complete community.

**Mr. John Bossons:** I think the point that you made, Mr. Cho, was really important. We are in a catch-up mode here because school boards don't have the land available to create new schools. There's not enough park space. We have a huge problem. Trying to fit this into the framework of the community benefits charge is difficult.

**The Chair (Mr. Amarjot Sandhu):** One minute.

**Mr. Ian Arthur:** Then just very quickly, with 60 seconds remaining: The city of Toronto came in. They also talked about a request for expanding inclusionary zoning to other areas of the city. Would you touch on that in the 40 seconds you have?

**Mr. John Bossons:** Sure—simply that restricting it to major transit station areas is, we believe, overly restrictive. There are opportunities in new developments that are being planned in other parts of the city that don't fit within those areas where inclusionary zoning could be applicable. We support the city's position that that restriction be relaxed.

**Mr. Geoff Kettel:** And it's really important that inclusive zoning get in place as quickly as possible. Just coming off of mediation, we're using section 37 money for affordable housing. It should all be dealt with, to a great extent, through the provisions in inclusive zoning.

**Mr. Ian Arthur:** Thank you so much for your presentation. I really appreciate it.

**The Chair (Mr. Amarjot Sandhu):** That concludes our time. Thank you so much for your presentation.

Thank you to all the presenters today. There are just a few reminders in terms of deadlines. The deadline to send a written submission to the Clerk of the Committee is 6 p.m. today. The deadline to file amendments to the bill with the Clerk of the Committee is 12 noon on Tuesday, December 3, 2019. Amendments must be filed in hard copy.

The committee is adjourned until 9 a.m. on Wednesday, December 4, when we will meet for clause-by-clause consideration of Bill 138.

*The committee adjourned at 1640.*









## **STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS**

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