

Renaissance Conference 2010

Planning for the Future

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INTRODUCTION

The 24th annual Renaissance Conference was held on February 27th, 2010. It was sponsored by the following Members of Provincial Parliament across Scarborough - Wayne Arthurs, Bas Balkissoon, Lorenzo Berardinetti, Margaret Best, Brad Duguid, and Gerry Phillips.

The theme of this year's highly successful conference was Planning for the Future. This theme was appropriate as it followed on from last year's conference when we were very conscious of the serious global economic challenges facing us at that time. This year we were fortunate to have the well renowned Warren Jestin, Chief Economist for Scotiabank, as our Keynote speaker. Warren Jestin gave a very informative speech in which he was realistic about the challenging world we live in, yet optimistic about our future if we adapted to changing requirements. Very useful discussion took place in the various workshops which included presentations by experts in three areas:

1. Planning for the future by adapting to the changing demographics
2. Planning for the future by ensuring a strong foundation for all
3. Planning for the future by supporting the economic recovery

As Chairperson, I would like to thank all the members of the organizing committee, the presenters, and panellists who so freely gave their time and expertise in making our conference a success.

In particular on behalf of the organizing committee, I would like to thank the Honourable Gerry Phillips for his vision and dedication in hosting the Renaissance Conference for almost a quarter century. We would like to thank the Chairs of the morning workshops - MPP's Bas Balkissoon, Wayne Arthurs and Lorenzo Berardinetti. Also thanks are due to the Hon. Brad Duguid and the Hon. Margaret Best MPP for contributing their knowledge and experience to their respective workshops.

Of course, the conference would not be possible without the participation of the concerned and dedicated citizens who come to share their views for the benefit of the community.

Respectfully Submitted

Murray Johnston,
Conference Chair

KEYNOTE SPEAKER

Warren Jestin
Chief Economist, Scotiabank

Executive Summary of Warren Jestin's Remarks at the 2010 Renaissance Conference

In his opening remarks, Warren Jestin, Chief Economist for Scotiabank, summed up the state of the economy when he said " *The good news is there will be less bad news*". On the health of the Canadian economy, Warren pointed out that although we were in a recovery phase, he noted that the road to full recovery was not clear. What was clear is the road is not taking us back to where we were before the recession began!

Warren spoke of the economy having been on a rollercoaster ride. We were caught up in the global downturn resulting from a meltdown in commodity prices. Canada, including Ontario, is becoming much less dependent on the USA; more so on "offshore" emerging economies (like China, India). The rollercoaster ride in the Canadian economy reflects the weakness the U.S., U.K., Japan and Europe were experiencing. Many countries had been drawn into the global recession.

Warren Jestin focused on where Ontario's economy is heading in the next 20 years and how energy development solutions will address the challenges relating to the unprecedented changes currently facing the province's economy. There is a compelling need for a cohesive and innovative approach to increase the province's commitment to renewable energy and for the implementation of energy-efficient solutions to sustain us in the future. He cautioned that focussing scarce resources on supporting the familiar while avoiding the unfamiliar is a losing strategy.

Changes are happening in three main areas - Demographics (aging of the populace), the Business world (replacement of traditional economies by emerging economies) and the Green world (development of new technologies).

Looking forward in more detail, Warren foresaw the following changes:

1) *New World*

The global economic landscape is changing. Whereas developed nations like Canada and the U.S. will be experiencing low growth in the next 10-20 years, world economic activity will be increasingly driven by China, India, Brazil and other emerging economies. Commodity prices, world trade and financial markets will be greatly impacted by their production and investment decisions. We need to focus our future endeavours towards these financial markets.

2) *Changing demographics - including an aging populace*

Balancing the nation's books will be more difficult with much higher medical costs; in just a few years Warren expects 50% more being spent on health. There will be a global shortage of skilled people - we can't rely on immigrants to satisfy our demands.

We need to be flexible and need to improve and update our skills. For example, new jobs are foreseen in the medical field which will result in the need for more skilled workers in that area.

3) *Green World*

Here the outlook is encouraging. Governments are getting involved. The province's strategic decision to focus its future on green business and the green economy will have a profound impact on the way we do business in the next twenty years. We must be prepared to do business in new markets, with new products and new approaches. Climate change will drive the need for new environmental codes and energy efficiency regulations.

Warren's overall message was that we should not focus scarce resources on the familiar. Instead we should look for new markets and avoid competing for low end jobs. We should focus on Innovation and Skills Improvement.

Ontario's Economy—Past, Current and Future - Warren made the following observations about our future:

- **Recovery slower than in the past**— In Canada, growth will probably not go up more than 2.5% over the next five years on average. In the future, Canada's economy will no longer be as tightly tied to the performance of the U.S. economy, it will be increasingly in tune with emerging economies.

- **Demographic changes**— Canada's economy will have to deal with an aging population over the next decade, along with a decreasing supply of skilled, well-educated workers. Without reform of health care and social security systems, expenditures will crowd out spending in important priorities like education and infrastructure.
- **Changing the way we do business**— The emerging world will change the way Canadians do business. Collaboration and cooperation are the keys to rebuilding the economy and reinforcing the recovery. Manufacturing will continue to be important. It will be more skills-oriented, with a high value-added component with more focus on service.
- **Water and Clean Water Technology**— A growing demand for Ontario's know-how and expertise for water and clean water technology will likely be exported worldwide.
- **GDP**— Canada will experience 2 to 3 % growth in gross domestic product. The housing market is showing signs of recovery and job growth is showing modest gains. The Canadian dollar is near parity with the U.S. dollar.
- **Mortgage Rates**— Current low interest rates will probably rise by 1% or more over the next year and longer-term rates will also increase, followed by shorter-term rates. The good news is Ontario's economy is service-focused and that's going to begin to improve.
- **Slower Growth in Ontario**— Growth in Ontario may well lag the national average over the next 3 to 5 years as its manufacturing sector struggles. Any growth in employment in manufacturing is going to be pretty slow.
- **Growth in the Next 10 - 20 years**— Most growth in Ontario will be supported by the energy and clean water sectors. Potential higher energy costs hold a great opportunity for Ontario. Because the province is resource rich, companies which want to produce close to the U.S. market may consider Ontario much more attractive.
- **Good News: Confidence is back**— Two major factors that are driving the recovery - signs of a production increase in the automotive sector and the existence of extremely low interest rates which are encouraging Canadians to make major purchases. Inevitably, interest rates will begin to rise again and governments will start to reduce the deficit.

Warren responded to a few questions and comments from the audience.

1. *Is Ontario a have Not Province?* Asked for a projection on the future of Ontario's economy, Warren indicated we would and should become less dependent on the United States. We should focus more elsewhere in the world - Europe and the emerging economies such as China and India.

Warren stated that although Ontario has become a "have not province" it is still being treated as a "have" province. He urged a change to "legacy transfers" between the federal Government of Canada and the Provincial Government of Ontario.

2. *The Underground Economy* - a concern raised about the emergence of an increasing element of an "underground" economy produced a word of caution from Warren. He indicated that Ontario's underground economy was not nearly as prevalent as in many other countries.
3. *The Global Economy* - Asked to comment about Canada's place in the world, Warren advised that we get involved more in markets like China. It was evident that we need to broaden our horizons more.
4. *Canadian Economy and Commodities* - Warren commented that, like it or not, the Canadian economy is still viewed as a Commodity Economy since commodities continue to be fundamental to Canadian financial success.
5. *Capital markets* - Warren was asked to comment about our Branch Plant economy. He advised there is a need to re-regulate and reduce risks inherent in an under-regulated market. He noted that while we have a safe financial sector in Canada there is a great need for national regulation across Canada.

WORKSHOPS

Planning for the future by adapting to changing demographics

Chair: Bas Balkissoon, MPP Scarborough-Rouge River

Panellists: Susan Eng
Vice President Advocacy, CARP

James Pierlot, LL.M.
Senior Consultant, Towers Watson and Co.

Gerry Phillips, MPP Scarborough Agincourt
Chair of Cabinet and Minister Responsible for Seniors

Opening Remarks

James Pierlot observed that our population is getting older, living longer and retiring earlier. He noted that, as a result, financial concern for seniors is increasing. Many have not saved enough money for a comfortable retirement. While 85% of government workers retire with defined pensions, 75% of private sector workers do not. There is concern that private sector workers are not saving enough. As an example, he cited a typical worker will need to save \$750,000 in a retirement account in order to generate a retirement income of \$40,000. Many are not able to do this. Social benefits such as CPP and OAS are meant to be supplemental; they are not designed to offer full support retirees.

In his view, pension reform is vitally needed. All workers should have the right to pension plans. Our "dysfunctional regulatory system" needs to be amended to encourage workers to save more and allow access to well regulated public plans. Governments should ensure that pension plans are well funded and that workers rights are adequately protected during economic downturns.

Susan Eng agreed with the increasing difficulty for those facing retirement. Her organization, Canadian Association of Retired Persons (CARP), is an advocacy group for seniors. As the number of retirements increase, the need for advocacy increases. Her organization is attempting to work with government and other partners to develop policy and practices that will ease the burdens of growing older. A primary area of concern is financial security. Retirees are finding it increasingly difficult to save for retirement through traditional avenues of saving: RRSP's, equity investment and traditional savings accounts. Other vehicles must be developed.

She noted that there are 350,000 members in CARP. They are organizing and are becoming increasingly politically active. She called for a partnership between government and advocacy groups to improve regulatory bodies and protect the rights and benefits of senior citizens.

Gerry Phillips agreed that the needs of our increasing aging population should be examined now. He offered his thoughts on six areas of concern as follows:

1. Post retirement employment or other productive activities such as volunteer work needs to be encouraged.
2. The existing pension system should be examined and modernized.
3. Medical and health care that addresses the particular needs of seniors should be emphasized.
4. The accommodation of retirees should address how and where seniors live. Special emphasis should be placed in keeping seniors in their own residence and/or in independent supervised assisted "sheltered housing" arrangements.
5. We need to establish "age friendly communities" that offer an array of recreational, cultural, social and other amenities that stimulate and enhance quality of life for seniors. This concept is being adopted in many countries.
6. We need to develop procedures and policies that ensure the safety and welfare of seniors from exploitation and abuse. These include physical, psychological and financial safeguards.

Gerry noted that the government is aware of the needs of seniors and has taken active steps to address their concerns. For example, the government has provided for 8,000 new beds for seniors and increased regulatory activity of senior care centres. The government continues to address the formulation of policy and structural changes to support seniors.

To improve quality of life for seniors, we have to look at what is termed "Whole Health" in the following areas:

- Long term care
- Aging at home
- Age friendly communities
- Elder abuse

Open Discussion

Following a brief recess, the Chair entertained questions. Most of the questions focused in the following areas:

1. **Government Supervision**

There was a suggestion for a Ministry of Senior Citizens whose mandate would be to look after the needs and rights of seniors.

The panel had varied opinions. On one hand, it was felt that setting up a Ministry for Seniors would facilitate coordination of services for older citizens. On the other hand, perhaps the needs of seniors would more effectively be addressed by requiring all ministries to address the needs of seniors as part of their portfolios. More thought needs to be given to this concept.

2. **Government Financial Assistance**

There was discussion concerning the adequacy of existing governmental financial assistance; particularly OAS, and the Guaranteed Income Supplement. It was generally felt by the panel that these programmes were helpful but underfunded. The benefit amounts should be increased and tied into the larger concepts of pension reform and increased savings incentives. Gerry said there should be a change in the laws on **Pension Contribution holidays** ? and pensions should be funded on a mutual 50:50 basis between employer and employee.

The OAS "clawback" provisions by itself were not seen as a major concern. Indeed, James Pierlot indicated he was more concerned about those who were in poverty and about the need for reform of the Guaranteed Income Supplement to help such people.

3. **Pension Reform**

Several **members** of the audience expressed their opinion that permissive legislation has allowed private pensions to be under funded and under regulated. The unfair treatment of workers at Nortel was cited as an egregious example. There was general agreement on the panel that there needs to be reform which ensures workers' and pensioners' rights in the event of bankruptcy and/or other economic catastrophe.

4. First Priorities

Asked to provide their first priorities, the panellists agreed on the following:

- Provide better and smarter Home Care - to assist people to Age at Home more comfortably.
- Provide stronger pension regulation to protect pensioners.

Planning for the future by ensuring a Strong Foundation for All

Chair: Wayne Arthurs, MPP Pickering - Scarborough East (deleted MP)

Panellists: Jean Achmatowicz MacLeod
Central East LHIN Bd. Of Directors

Soo Wong
TDSB Trustee for Ward 20

Margarett Best, MPP Scarborough Guildwood
Minister of Health Promotion

Opening Remarks

Jean Achmatowicz MacLeod spoke about the role of the Local Health Integration Network (LHIN) in coping with mental health and its importance in helping people deal with the stresses of modern life. There has been a worrying rise in mental illness in recent years exacerbated by the recent severe economic downturn.

She spoke about the work being done to ease the mental burden of mental illness with respect to people's physical health, child and adolescent services and seniors. She noted the difficulty people have in obtaining medical care when they are dealing with mental illness. Many of the medications taken to cope with mental illness can cause a metabolic disorder such as diabetes.

The LHIN's are working with the Ministry of Health and with Child & Youth Services to focus on the mental problems and challenges facing our youth. The Scarborough Hospital provides an excellent outreach program to support children who have Attention Deficit Disorder (ADD).

In our aging population, there is an increase in dementia and Alzheimer's disease. So the LHIN's are working with others to assist people with these conditions to live a life of dignity and hope.

Soo Wong gave an overview of the new full day learning program designed to build a stronger school system and a well-educated workforce. Ontario is investing in the education of its youngest students to better prepare them for future success. Full-day early learning will improve their reading, writing and math skills, provide a smoother transition to Grade 1, help more students achieve success at school, and help create a stronger economy for the future.

Margarett Best said the mandate of the Ministry of Health Promotion is to enable Ontarians to lead healthy, active lives. The Ministry has programs to encourage activity in people of all ages but especially in the young. Many health-related problems can be avoided later in life by keeping active in body and mind. Indeed, the Ministry is trying to create a culture in which people always think about what can be done to promote fitness and self-esteem.

Margarett noted that during Health Month in May, the Ministry was stressing the importance of people recognizing the need to eat **healthy**, go walking, etc to avoid heart related problems.

She noted that diabetes is a huge issue facing the province. The Ministries are trying to deal with sedentary life styles for young people and adults (e.g. using drive thru for food, banking etc.)

She also referred to a Roots of Youth Violence Report from a study by Roy McMurtry and Alvin Curling. This study found it crucial for young people to be engaged in activities in the early evening hour to keep them active and **mind.??**

Open Discussion

Concern over Access to care for Aboriginals at a local hospital.

A questioner raised a concern over service provision to the aboriginal community especially in an urban setting.

Margarett noted that serving the Aboriginal population is challenging for government, as some aboriginals live both on reserve and off reserve in urban centres. Indeed Scarborough Guildwood has the largest population in Ontario that lives off the reserve. There are a number of programmes available through Native Child and Family Services of Toronto and the Ministry of Aboriginal Affairs. Another new family life residence centre is to be built in Scarborough for the Aboriginal Community

Concern over need to engage children more

In response to a worry about having enough activities to engage children more, it was felt that there was a need for more interaction between children and adult providers of care or learning. We need to better communicate the range of services available now.

How can we sustain "diversity" in our community - by fostering cooperation among multicultural communities ?

Our Government is fortunate in having a reasonably multicultural caucus which is able to reach out to the various multicultural communities. Educational institutions such as UTSC and Centennial College have leaders who represent the **diversity** of our community. We have to find ways to encourage inter-community cooperation.

Integrating Mental and General Health

There was general agreement on the need to align mental health with general health. It was felt important to align health and education initiatives with campaigns to promote healthy habits in schools.

The Ministry of Health Promotion continues to work across ministries to integrate prevention and education. To encourage children to keep active, the Ministry has a "walking school bus" programme. There is programming within the school system to engage **children** in peer programs.

The numbers of obese students is high. Parents need to be encouraged to take leadership and work with the schools to encourage better health practices among young people.

Conclusions:

Overall it was agreed that better integration of services is required as a smart way to provide those services and communicate them well to citizens.

Planning for the future by supporting the economic recovery

Chair: **Lorenzo Berardinetti, MPP Scarborough Southwest**

Panellists: **Ann Buller**
President & CEO of Centennial College

Hon. John Wilkinson, MPP Perth-Wellington
Minister of Revenue

Hon. Brad Duguid, MPP Scarborough-Centre
Minister of Energy and Infrastructure

Opening Remarks

John Wilkinson, as Minister of Revenue, is in charge of the largest tax change in history. He spoke about how the recent economic downturn has changed Ontario irrevocably. Changes need to be made to bring Ontario into the 21st Century and one way to accomplish this is through the use of a more efficient tax system.

John Wilkinson noted that Ontario, being a trading province, needs a tax system that makes our business more competitive. This is one reason for the Harmonized Sales Tax because HST will allow businesses to get a refund for the taxes paid on inputs, while only paying the 'value-added' component obtained from consumers. This is unlike the Provincial Sales Tax, which is applied every step along the way. Moreover harmonizing the PST to the GST will make it easier for businesses to file taxes, thereby increasing efficiency and reducing red tape.

To ameliorate the effect of the HST, a permanent income tax reduction has been implemented. Minister Wilkinson closed by mentioning that the purpose of this tax reform is not to do the "political" thing but the "smart" thing.

Anne Buller spoke of the importance of this new idea. She stated we will need to teach people to "learn a living", not just "earn a living" and to have a job which allows for the ability for growth. There is a need for highly skilled workers and a societal investment is necessary to improve the 'knowledge infrastructure'. In addition, help is needed for those people who weren't given an opportunity, so provide help for first time college students and those people who decide to go back to school to retrain.

Brad Duguid thanked those in attendance and had two points to discuss.

First, what is needed to get through the current recession? The Ontario government set out a long time ago to fix the deficit of infrastructure. \$30 billion dollars was spent before the recession and an addition \$32 billion was spent when the recession hit. As a result 300,000 jobs were either created or supported due to these investments.

Secondly, how is Ontario to position itself after the recession? We need our people to be the best trained to tackle future challenges and to compete globally. A competitive tax regime helps businesses grow. The Green Energy Act was introduced to avoid dirty coal and it has attracted world wide attention. The \$7 billion investment from Samsung is helping to make Ontario the place for Green Energy.

Open Discussion

What are the selling points of the Harmonized Sales Tax?

John Wilkinson said there is a lot of misinformation out there about the HST. Together with Income tax changes, this tax reform will result in low income people having more money in their pocket. There will be no real change for middle income people but higher income individuals will be affected but less than anticipated. In the long run it will generate over 600,000 jobs through a simpler tax system.

How about including the tax in the "sticker price", like VAT in Europe?

John said he understood the arguments in favour and this could be considered as it could stimulate spending by consumers and would assist with the acceptance of such taxes. In due course, John expects the rest of the country will adopt a Value Added Tax (VAT) like the HST, and once that happens the idea of "paying the price you see" will be more palatable.

A member of the audience commented on the role of governments and noted that the best infrastructure investment is in education.

Brad Duguid noted that it isn't all about dollars but about sewing the seeds of opportunity and hope. We need to produce the jobs that will give Ontarians access to the quality of life that we expect.

Anne Buller also commented on how education can allow individuals to breach socio-economic boundaries and get a step up in life.

Can we reduce the burden on business through less bureaucracy?

Brad Duguid said that it's important to reduce the burden provided we do not affect safety standards.

John Wilkinson gave an example of excessive government burden. There were road builders who had to pay PST on salt but not on gravel. This made it difficult for them to calculate their taxes since they would have to estimate the amount. Businesses just want things simpler and easier.

In earlier times, people worked for large organizations for most of their life. Now people are working for small businesses, sometimes run by immigrants. How do we make better use of immigrants?

Anne Buller talked about a project in which the Colleges in Ontario work with immigrants such as internationally trained nurses. There are also projects to work with the federal government and immigrants before they arrive here. There are also programmes to assist with better integration by addressing barriers such as language.

Brad Duguid noted that there's a benefit to getting people to come from all over the world and study here in Canada. This helps our economy and assists individuals integrate well into Canadian society.

John Wilkinson talked about **the time** when the Premier went to India, he welcomed Indian students to Ontario's universities. He also pointed out that one third of Australia's economy is from foreign students.

There were some general comments on making it easier for people to stay in Ontario. Canada is disadvantaged because people are having a difficult time settling here. There is more effort now to get foreign trained professionals into the Ontario health field.

How can we promote tax redistribution in order to create a closer society, one that is more inclusive?

John Wilkinson talked about how this can be done through a higher consumption tax with less income tax. This is how things are done in Europe.

A question was posed on how to keep the people trained and educated here to remain in Canada. Also a question arose about how to promote a more risk taking society; one that can create jobs and new industries.

Brad Duguid said that we need to give our young people the ability to go out and succeed in the world. Only by allowing people to make their decisions to go elsewhere would it be fair to allow people to come here. We can't cut ourselves from the world.

Anne Buller mentioned that there are programs which can provide a lower tuition for doctors who work in underserved communities.

John Wilkinson talked about how the stronger dollar helps us attract and retain professionals. The brain drain is less of an issue because of this now. It also allows younger people to take risks.

How do we create a better transportation system; perhaps by issuing bonds to pay for infrastructure improvements?

Brad Duguid highlighted the transportation improvements which the government has initiated. He also touched on Infrastructure Ontario, working on what needs to be done. The Government is open to more Private/Public cooperation in financing transportation.

How do we achieve poverty reduction - by encouraging self-employment through micro-loans?

Anne Buller talked about providing individual assistance rather than loans. There should be more opportunities available to help people in low income areas acquire new skills.

Conclusions

It was generally agreed that:

- 1) A Value Added Tax like the Harmonized Sales Tax (HST) is necessary for our global competitiveness and for facilitating free trade arrangements with the United Kingdom and Europe as well as other markets.
- 2) Our education system needs to ensure skills are being taught to enable people to adapt to the changing work environment by keeping the curriculum current, relevant and globally competitive.
- 3) We need to maintain a dialogue between government and business to ensure business can take the lead in job creation just as soon as the economic environment is favourable.

Overall Lessons from **the** Conference: Ian Elder, Editor

Much was learned at the conference, which should help Ontario continue to chart its way successfully through the economic challenges facing it; provided it adapts to the new global economic order and changing demographics.

As Warren said, it is imperative that Ontario (and Canada) reach out to markets other than the traditional ones. We need to diversify away from our over reliance on the United States market to the new emerging economies and to Europe. Of course, we need to ensure that the skills of our workers match the needs of the challenges presented by the new and varied economies.

The Government deserves praise for its willingness to pursue reform of the tax system and in particular its introduction of the Harmonized Sales Tax as this modern value added tax should assist business become more competitive. However, many felt that the HST should be incorporated in the posted price just as is done in other countries.

For seniors, conference participants agreed there was a need for looking at smarter ways to provide the support needed later in life. There needs to be better coordination of senior support services and better communication of what is available.

Pension reform was felt to be a pressing need to ensure older people have adequate funds to live in retirement with a reasonable quality of life. Pensioners deserve better protection of the pensions they hold.

Acknowledgements and Appreciation

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Report Editor - Ian Elder should be thanked for his work in producing the composite report on the 2010 conference.

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Last but not least, we also **recognize** Ross Sturge and Allan Cobb for their continuing support before and during the conference.