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**Official Report
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Wednesday 16 June 2004

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des débats
(Hansard)**

Mercredi 16 juin 2004

**Standing committee on
finance and economic affairs**

Budget Measures Act, 2004

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

**Loi de 2004
sur les mesures budgétaires**

Chair: Pat Hoy
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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**

Wednesday 16 June 2004

Mercredi 16 juin 2004

The committee met at 1001 in room 228.

**BUDGET MEASURES ACT, 2004
LOI DE 2004
SUR LES MESURES BUDGÉTAIRES**

Consideration of Bill 83, An Act to implement Budget measures / Projet de loi 83, Loi mettant en oeuvre certaines mesures budgétaires.

The Vice-Chair (John Wilkinson): Good morning and welcome to the standing committee on finance and economic affairs. We are here to consider Bill 83, An act to implement Budget measures. This is a continuation of yesterday's hearings.

ONTARIO MEDICAL ASSOCIATION

The Vice-Chair: First we would call upon the Ontario Medical Association. Good morning. We'd ask that you start by identifying yourself for Hansard. You have 20 minutes. You can take the full 20 minutes. If there's any time left over, then we'll have questions from all three parties in rotation, depending on the amount of time allocated. You may begin.

Dr John Rapin: Good morning, Mr Chair and members. I'm John Rapin, president of the Ontario Medical Association. With me is Dr Ted Boadway, who's director of our health policy at the OMA. Thank you for giving us this opportunity.

This budget has many features worthy of address, features that represent positive advances in health care in the province. It has some areas where the medical profession needs to work with government in order to accomplish the objectives of the budget. I will indicate at the outset that it is our intention at the OMA to work with the government to accomplish these goals.

First let me say how pleased we are to have the immunization program for children include chicken pox, meningitis and pneumonia vaccines. This is in line with the OMA's formal position of March 2003, that these vaccines should be publicly funded.

Speaking as an emergency physician, I can tell you that some of these diseases are devastating. Even with the most attentive parents, childhood meningococcal meningitis can be catastrophically advanced at the time of first notice. Even with the best and most aggressive medical

care, some of these children still die and many more are left damaged for the rest of their lives.

This is good health care, and because of the huge costs involved in treating these cases, it is a wise way to spend money. Best of all, it stops the suffering of patients and their families.

In order to implement this program smoothly, we know there are going to be issues that need to be addressed. Family doctors and pediatricians are ready to be full partners in this program, and we will work with government over the next months to make sure that everyone is ready and the program can be introduced as smoothly as possible.

Enhancing home care services is a very positive feature of this budget. In many respects, patients simply do better when they are in their home environment. Being able to discharge patients to the home environment with appropriate care both elevates their spirits and motivates them, but it also makes it easier for physicians to contemplate early discharge from hospital. Everybody wins here.

We support the public health investment in this budget. Physicians in every walk of practice know that they are dependent upon the public health system. When it works well, most of us have the luxury of ignoring it and doing our own particular jobs, but when it does not work well, everything any of us does can be disturbed. The Walkerton tragedy, the SARS event and subsequent reports on them have shown that our public health system has become frayed. This reinvestment is necessary, appropriate and welcomed.

Smoking continues to be the biggest preventable killer in Ontario. There is not a time I work—morning, noon, or night—when I do not have to deal with the devastating effects of smoking tobacco in the ER in my community. The government has decided to increase tobacco taxes, and we support this because we know it is an effective strategy to decrease smoking activity. This tax increase is less than we had recommended, but we applaud the step that has been taken.

More importantly, the government has signalled its intention to approach this problem through a comprehensive tobacco control program that will include legislation for smoke-free places. The OMA has been recommending exactly such an approach for several years and has produced many policy papers pointing in this direction. We believe the government is on the right

track in taking a holistic approach to this problem. We intend to encourage the government to continue and we will support it in this respect.

The budget promises to reduce wait times for certain areas of care. This is a positive and focused approach. The wait lists for many of these areas have bedevilled doctors and patients for many years. First of all, we the doctors are the ones who have to break the news to patients that their procedure will be delayed and will be in the remote future. When a person is suffering day and night, and is unable to eat or sleep properly due to the pain of a bad hip joint, it is simply cruel and unusual punishment to tell them that they will have to wait many months or even years. But that job falls to us as physicians.

During the time they have to wait, we continue to try to manage them with therapies that have already proven to be insufficient or they wouldn't be on the surgical list. As they suffer the various complications and morbidities associated with these conditions, we have to try to make the best of what is clearly an unacceptable situation.

And our problems as physicians pale beside those experienced by the patient. What they really need is to have the procedure done. We consign people to suffering and low quality of life and frequently reduce their health and capacity to recover, to the point where the results of the procedure are compromised.

Addressing this is going to be a complex issue. We, of course, need staff and operating space. We need sufficiently established programs, both before and after the procedure, to help the patient have the best recovery. We also need the appropriate number of physicians to do the task and, quite frankly, we are losing these resources year by year. It's difficult to convince an orthopaedic surgeon to stay in Ontario if there is no operating time available and when our orthopaedic fee schedule is among the lowest in the continent. The same problem exists for other physicians.

A report released yesterday by StatsCan confirmed the alarming shortages and, worse yet, found that these shortages were directly impacting the ability of our system to identify and diagnose illness early. Ontario is currently at an important time in its medical history. Reducing waiting times, enhancing prevention initiatives and, ultimately, improving access to physicians in this province will require continued commitment to make Ontario an attractive place to practise medicine again.

I believe our interests are aligned here and that each of these issues we will be able to resolve by working together. I know my members, the doctors of Ontario, want me to work with the government and with the ministry on these problems, and will be disappointed if we do not reach creative solutions to help them and their patients have a better future. Thank you very much.

The Vice-Chair: Thank you, Dr Rapin. We have about 10 minutes for questions, and we'll start with the official opposition.

Mr John O'Toole (Durham): Just a couple of observations and then a question. First of all, health is

growing its expenditures per year by 8%. I guess in your response you might want to comment on whether or not that's sustainable and what recommendations you would make to relieve some of that pressure.

Immunization, as you might know, is all federal money. That transfer between the federal government is a national strategy and a federal initiative, not part of the health tax, which is another issue.

Public health, if you look at the estimates that were tabled yesterday, actually has less money for the 2004-05 fiscal year. I'm not sure exactly where they intend to get the money; perhaps it's an additional tax that we're still waiting for.

1010

I guess a comment I'd like to make is that waiting lists are the symbol of health care in Canada. It is the top issue with Paul Martin in the election. In their budget, what they talked about wasn't waiting lists, it was the number of procedures. If you'd like to comment on that. I believe they should publish, as CIHI and the new Canadian health council have, what an appropriate waiting time is, not the number of procedures, because you've just said that's a fee issue and it's operating time.

I want to also leave time for Mr Barrett, who wants to ask a question on that. So there are the three points: the increase, sustainability at 8% growth per year; the expectation in waiting lists; and the health council's role.

Dr Rapin: Thank you. We have advocated to address the middle question, publishing waiting times and waiting lists. There has been some progress made in some of the waiting lists, in coordinating provincial waiting lists, for example, in cardiac surgery. But there's still a lot of work to be done in making sure we have the data. We do know that waiting lists are growing rather than shrinking. Whether doing more procedures will help shorten the waiting lists is an interesting question. Clearly, there are many patients out there who give up because the waiting lists are long. We do support having public data and publishing the data.

In terms of sustainability of funding, that is a very difficult question for all Canadians. The cost of health services goes up. I must say it's not the costs of physicians' services that are necessarily going up aggressively, but if you look at pharmacare, such as it is, hospital costs, all of these are going up. I do understand the interest that all members would have, and the government now, in managing the cost issue. I don't have an answer. It's a complex question that was addressed at the Canadian Medical Association as well when I was on their board of directors.

Clearly, Canadians want adequate funding for their health care system. How that's accomplished is clearly a political decision. As a physician, I can only tell you that in the 30 years I've been working in the emergency department in Kingston—I'm finishing my 30th year this year—the waiting times even to see a doctor in the emergency department have gone up dramatically. Just as increasing costs are unsustainable, potentially, increasing waiting times and rationing by waiting are clearly unus-

tainable, or undesirable, certainly, and a danger to the public.

Interjection.

The Vice-Chair: Mr Barrett, we only have so much time for each party, and Mr O'Toole. We're past the three and a half minutes that we've allocated. Perhaps you can talk to Dr Rapin.

Mr Michael Prue (Beaches-East York): Just a couple of questions. First, the optometrists were here yesterday. They are suggesting that if the schedule for eye exams is being removed for optometrists, it should also be removed for doctors. Any comment on that? It seems eminently fair that if they can't charge for it, you shouldn't be able to either.

Dr Rapin: First, I'm not sure that they can't charge for it. In fact, they can.

Mr Prue: Under OHIP.

Dr Rapin: Right. OHIP will no longer list that, is my understanding.

I must say that eye care, of course, will continue. Most eye care is delivered by physicians: family doctors, emergency doctors such as myself and ophthalmologists. What is being delisted, frankly, is refraction services.

I can't disagree with you that fair is fair. I do understand that government has in the past looked at delisting refraction services, optometric services, not only for optometrists but those services provided by physicians. Having said that, many of these services are necessary as part of medical care, including those to children, post-operative and so on. I believe it's the intention to remove the more routine refractions from listing by OHIP.

But clearly, government has to have certain priorities. If we want to do more hip surgeries, if we want to have enhanced cardiac care, if we want to reduce waiting times in emergency departments, it is a difficult problem but it is the government that has to establish its priorities.

Mr Prue: In terms of those priorities, how is the delisting of optometrists, physiotherapists and chiropractors going to impact the rest of the medical profession? It would seem to me that the people who are going to those services now will be coming to see the family doctor and maybe the emergency room more often than before.

Dr Rapin: Physiotherapy services are very important to our patients. It's my understanding that the program funding through hospitals and other programs for physiotherapy for stroke rehabilitation, large joint replacement rehabilitation and handicapped children's services will continue in the program funding. It is really only the listing of physiotherapy services for outpatients, for the rest of us, that are delisted. We as an association will lobby aggressively to protect the physiotherapy that we consider essential for our most vulnerable patients.

The concern of increasing visits to family doctors, who are in short supply and aren't coming to the province, and emergency departments, which already have long waiting lists, is a serious one. I can only say that government faces difficult choices. It's not really my role to comment on the appropriateness of which services the

public thinks are the most important. It is a difficult choice; I grant that.

Mr Prue: Do I still have time?

The Vice-Chair: Briefly. You have 30 seconds.

Mr Prue: Last but not least, then, the whole issue this government is wrestling with in terms of whether to keep the money flowing to hospitals or to divert that money into walk-in clinics, community clinics and to other less costly—does the OMA have any position on this?

Dr Rapin: We do support the concept of treating patients as outpatients in their homes and communities as much as possible. In fact, that's been a trend for many, many years. That can be not only an efficient way to do things but a humane way.

There are difficult choices in terms of what receives funding. I don't believe that all clinics in the community are necessarily the same.

But clearly, the progress we've made in treating patients outside of hospital has been remarkable. You may know that people now have their gall bladder out and are at home with home care the next day—a procedure, for example, that used to take 10 days in hospital. So there has been significant movement that way. The OMA supports that as a general trend.

The Vice-Chair: Thank you. Now we'll turn to the government.

Mr Mike Colle (Eglinton-Lawrence): Thank you, Dr Rapin. Just to correct the record, in the budget there's a \$273-million increase this year for public health. It's going to go to a \$469-million increase by the end of 2007-08. I'd just mention too that we are going to upload public health to cover 75% of the province. The previous government had mistakenly downloaded it on to municipalities.

We concur with you that public health is a good way of preventing people from ending up in emergency, ending up in hospital, so we've made that investment.

I guess as a front-line emergency doctor you've illustrated the tough choices governments have to make. It is very apparent in this budget that we've made some difficult choices, that we've had to take some services that are not mandated by the Canada Health Act and not list them under OHIP.

You see right on the front line every day what's happening in our emergencies. You also mentioned the agony doctors go through in not being able to have the chemotherapy, cancer therapy or hip replacements done in time.

The amount of wait times, deferrals—which way has it been going in the last number of years?

Dr Rapin: It depends somewhat on the procedure. But in general terms there is an increasing demand, as I'm sure you know, for many of these services. Cancer Care offers many more therapies to many more patients than in the past. Also, there are more patients with cancer, and there will be more as we age. So the trend, of course, has been for increasing demand.

It is a difficult issue for physicians, as you mentioned. We find it very frustrating to practise in an environment

where we can't get the care for our patients that they desperately need. In fact, it is one of the determinants as to whether new graduates stay or come to Ontario. If they can't practise in the way they've been trained and taught, and they have these impediments because of waiting and inaccessibility of care to their patients, they seek a more welcoming environment.

Mr Colle: I know the OMA has been very involved in educating the public about the dangers of smoking tobacco. We had a deputation here yesterday talking about the plight of people who grow tobacco. Perhaps we should put on the record how many people in Ontario succumb to tobacco-related diseases every year. Do you have any idea of what the costs are, what the numbers are? People sometimes don't understand. I think it's in the billions of dollars that it must cost our health care system to treat people with tobacco-related diseases.

1020

Dr Rapin: I'll ask my colleague Dr Boadway to respond, if I may. He does have much more information about the specifics.

Dr Ted Boadway: Dr Rapin has put me on the spot, and I'm going to confess that although this is my area, I don't actually have those numbers with me off the top of my head. But we know that tens of thousands of people die each year from tobacco, and we have very precise numbers. We also know it costs billions of dollars. So addressing the problem is not only good health care, it's good financial sense.

Mr Colle: Thank you very much. If we could have those specific figures for the committee, I would appreciate that.

Dr Boadway: We produced, actually, a document called Good Health Policy, Good Fiscal Policy that I'll make sure you get.

The Vice-Chair: In closing, if we could make sure that that would come to the Clerk, Doctor. As well, Dr Rapin, if the Clerk could have a copy of your opening remarks, that would help our Hansard substantially. Thank you for appearing.

SCHEDULE FIVE PHYSIOTHERAPY ASSOCIATION

The Vice-Chair: Now I call the Schedule Five Physiotherapy Association, please. Good morning. The committee welcomes you. You'll have 20 minutes for your presentation. In that 20 minutes, you can leave time for questioning. What we'd like you to do is start by identifying yourselves for Hansard.

Ms Judy Gelman: Thank you, Mr Chairman and members of the committee. On behalf of the Schedule Five Physiotherapy Association, I want to thank you for giving us the opportunity to participate in these public hearings. My name is Judy Gelman and I am the president of the Schedule Five Physiotherapy Association. With me today is Toula Reppas, a director of the same.

In the 2004 Ontario budget, the Ontario government chose to remove physiotherapy services that were previously covered by the Ontario health insurance plan from our universal health care system. As the umbrella organization for the clinics that employ over 1,000 physiotherapists and support staff in this province and deliver over six million treatments to Ontario seniors each year, we are here to voice our concerns over this privatization of our health care system.

The government has announced that some seniors will continue to get physiotherapy, but they don't yet know how. We are told that those seniors in home care and long-term-care facilities will continue to get some type of service, though how much, at what cost and delivered by whom has yet to be answered.

We want the committee to know that already thousands of concerned seniors and their families—these seniors who require physiotherapy to keep them mobile and out of hospital, home care or nursing homes—have been asking us, "What about me? I have to pay a new health care premium and I no longer have access to physiotherapy." Today, we lend our voice to the many seniors who will no longer receive medically necessary physiotherapy paid for by their tax dollars.

The mechanism for delisting this service is to eliminate the schedule 5 licences under which we operate, effectively putting our members out of business. For us, this means over 100 clinics across the province, over 1,000 people we employ, will no longer be earning wages and paying taxes. Most importantly, many thousands of seniors will not have access to physiotherapy.

Our objective is to demonstrate to the standing committee on finance and economic affairs that physiotherapy services are crucial to the well-being and overall health of all individuals in Ontario and should be included as part of the health care services covered by OHIP and that Schedule five licensed operators are the safest, most cost-effective method to deliver these physiotherapy services.

Ms Toula Reppas: Schedule five contracts or employs registered physiotherapists to provide assessment and treatment under the Ontario College of Physiotherapy guidelines. The physiotherapists are governed by the College of Physiotherapists of Ontario. All of us, as owners, are registered physiotherapists running small businesses. Physiotherapy treatment can reverse debilitating ailments, speed up the healing process, reduce pain and help patients return to healthy and active lifestyles. Most importantly, early access to physiotherapy aids patients in their physical and emotional well-being and frequently prevents the need for further treatment, thereby reducing the need for more costly health services over the long term.

Over six million physiotherapy treatments were performed last year under the Schedule Five licences. Physiotherapy services provided by Schedule Five clinics are vital, as 80% of Schedule Five physiotherapy patients are seniors who need physiotherapy treatment to remain mobile and active in their communities, and out of costly hospitals. Most do not have private insurance coverage

and cannot afford to pay out of their pocket. Schedule Five licence holders are concerned that seniors who are mobile and have no insurance coverage will no longer have access to this service, leading to increased hospital visits or earlier entry into home care and the long-term-care system.

Schedule Five clinics are the most efficient means to provide these services, as they focus on essential physiotherapy treatment covered by OHIP. These treatments are performed under the Schedule Five licences and are initiated by a physician's order or referral. By virtue of the physician's order, they are deemed a medically necessary service. This is required by OHIP and is clearly articulated in the regulations governing Schedule Five licences.

Currently, Schedule Five licence holders are specifically barred from performing non-OHIP service within their Schedule Five clinics, requiring them to focus solely on OHIP patients and placing priority on seniors and the most disadvantaged in society. The general population and those covered by other types of insurance are encouraged to attend other facilities. Schedule Five owners are specifically barred from any type of extra billing, eliminating any potential barrier to access to those unable to afford anything but the OHIP-covered service.

Schedule Five has a cost-effective mechanism already in place that is able to reach all citizens of Ontario. In addition, as part of their commitment to all Ontario communities, Schedule Five physiotherapy owners have invested millions of dollars in state-of-the-art equipment to ensure optimum therapy and protection from injury to patients. In many cases, this is equipment that long-term-care homes or community care access centre providers are unable to afford. We fill a unique need for the homes, the residents and the government.

Schedule Five clinics are the most cost-effective means to deliver physiotherapy treatments under any scenario in Ontario. The cost of receiving treatment at a Schedule Five clinic is only \$12.20 per visit. A similar treatment delivered in a hospital or by private-pay is at least four times more expensive. Many Schedule Five clinics offer home care services. These services are provided at approximately a third of the price of comparable private home care and community care access centre services. A typical home care visit coordinated by a community care access centre is delivered at between \$50 and \$80 for the same treatment our members provide at \$24. The six million-plus services we provide are delivered annually for a total cost of approximately \$65 million.

Additionally, Schedule Five licence holders are concerned that a government effort to expand the number of patients served without an increase to the budget, no matter who performs the OHIP-covered service, will result in an unreasonably low level of service to each patient, limiting the effectiveness and increasing the cost to other parts of the health care system.

A report done by KPMG consultant Rainer Beltzner stated that if all graduating physiotherapists were given a billing number and allowed to bill OHIP, rather than

what is currently being provided by Schedule Five licences, Ontario seniors would receive only \$2 of service per year.

1030

Delisting physiotherapy creates a two-tiered system, since only those with private insurance will be able to receive continued access to treatment at specialized physiotherapy clinics. Seniors who are mobile and have no insurance will no longer have access to service. It will also create additional strains on our health care system by forcing patients to go to a hospital or force earlier entry into the home care/long-term-care system. A universal health care system should focus on providing the best quality of care to Ontarians. By delisting physiotherapy and rescinding Schedule Five licences, the government is choosing a path that will limit care to the most vulnerable in our society.

Ms Gelman: In conclusion, Schedule Five physiotherapy licence holders offer the government the most complete, safe, effective and cost-efficient service to Ontario's most vulnerable populations. Unlike sole practitioner physiotherapists, or large corporate physiotherapy centres, Schedule Five works solely with seniors, the disadvantaged and those requiring medically necessary treatment as ordered by a physician. There is no delay in providing service caused by a conflict of interest with the more lucrative auto insurance, WSIB, private insurance or private-pay business.

The significant investment in our licences—which is our ability to provide service, the equipment installed in our clinics, our long-term-care homes and our employment of 1,000 registered physiotherapists—demonstrates our commitment to the province and to servicing Ontario's most vulnerable people.

For the government, and for the college, the best way to continue to protect this population, maintain their mobility and quality of life and to keep them out of hospital and in their homes, is to continue to utilize the service provided by Schedule Five physiotherapy licence owners.

Schedule Five firmly believes that while the provincial government has stated that physiotherapy will continue to be offered through home care and in long-term-care facilities, delisting physiotherapy from OHIP will leave thousands of seniors and other patients stranded. We disagree with the Premier's June 14 statement that the services delisted, including physiotherapy, are not deemed to be essential under the Canada Health Act. Physiotherapy, by the way, is in the Canada Health Act as long as it's provided in the hospitals, which is kind of a dichotomy. The many thousands of seniors who need physiotherapy to recover from a fall or to maintain independent living would beg to differ.

We're not here to blame the members of the government. In fact, while we fear for our own businesses and our employees' jobs, and we fear most for those seniors who will no longer have access to our services, access to any physiotherapy, we also feel badly for the government members around this table, because they have to sell a policy based on poor information.

The unfortunate reality of the delisting of physiotherapy is that those who provide the service to Ontario's most vulnerable people were never consulted on this change. The civil servants, who only 10 months ago negotiated with us a capped budget to deliver world-class levels of physiotherapy to all of Ontario's seniors, must have provided inaccurate information to the Minister of Health, the Minister of Finance and the Premier, which led to this decision.

We have been told that there are concerns about growth in demand for our services, yet the government keeps building new long-term-care beds and sending in compliance officers to tell these homes they must provide physiotherapy. We've been told that the bureaucracy thinks that hospitals that used to pay for physiotherapy in their global budget have closed their clinics and then hired us to provide the same services, but bill OHIP for these services. This practice does not occur. We could have corrected this assertion if we had been consulted.

We've been told by some members of the government party that we can't possibly give great service for only \$12.20 per day, yet they say they want more service to more remote areas of the province, and overall, they want to pay less for physiotherapy than they do now. Again, if someone had asked the millions of seniors we keep mobile and healthy, they would have heard glowing reports of the care we provide and the importance to their lives.

Ontarians can and do forgive governments for honest mistakes made out of good intentions. What they frown upon is governments that stubbornly defend poorly thought-out policies that cause pain and hardship for some of Ontario's most vulnerable citizens. Long after our members have been put out of business, the job losses counted and seniors thrown into turmoil and uncertainty, this government will be faced with an unpalatable situation: It will have to ask Ontario's people for re-election after introducing a health care premium and taking away services to seniors, or it will realize too late the effect of this policy and will try to find a way to boost services to seniors, at a far greater cost. But the government will still have taken the political hit for the delisting in the first place.

We can solve this now. The government could work with us to maintain the excellent service we provide to seniors in long-term care and in home care, and in our clinics for those mobile seniors trying to stay autonomous and healthy in their own homes. We will guarantee equal access to service for all Ontarians. We will negotiate a reasonable budget for service with a cap on spending and service that will make the Minister of Finance happy. We think this is a healthy way to meet the government's goals and to protect our seniors. We implore the government to re-examine its priorities and, in particular, the decision to delist physiotherapy services.

The Vice-Chair: Thank you. We have just a few minutes left in this 20 minutes, so as a result we'll just have time for one party. By rotation, it would go to the NDP. Mr Prue, you wouldn't have more than three minutes.

Mr Prue: I won't need three minutes. I think that was very complete.

Has it always been the trend that most of the people you deal with are seniors? During your deputation, you said 80% of your clientele are seniors. Has that always been the case, or are the numbers moving up?

Ms Gelman: The numbers are moving up. If you look at the statistics over the last 20 years, people are living longer. They are having more surgeries now to keep them more mobile and keep them alive as well. If you look at the population growth, there are more seniors living in Ontario now.

Mr Prue: So this is a result of boomers like me starting to age and making sure that we continue to be active.

Ms Gelman: Yes, it is.

Mr Prue: This seems to me to be quite a short-sighted policy, and I think you've outlined this very well. Do you have any idea how much the total budget—because I missed that—for physiotherapy is under Schedule Five?

Ms Gelman: Our total budget is approximately \$65 million, and for that we provide approximately six million services.

Mr Prue: That's where the \$12 comes from. That's quite amazing.

Ms Gelman: It is amazing, not that we're happy with that. Obviously we haven't had a raise in over eight years. We have been trying to get a raise from the government over the last eight years; however, we do keep our bureaucracy at a very streamlined level. That's why we've been able to do this.

Mr Prue: You've suggested that this government should back down. Of course, both the Conservatives and the New Democrats have been trying to get them to back down on this. Has there been any movement? Have there been any discussions with you from any government official, MPPs, anyone, to go back on this, to do the right thing?

Ms Gelman: We've had many discussions with many MPPs who say they are in favour, of course, of the government changing this and going back. Officially, no. We are going to be talking with the government about how some seniors may be receiving services later. But we're not sure that everyone understands, in fact, that these services will be just for a very small portion of seniors who are in long-term-care facilities. It won't include anybody who is ambulatory or even patients who are in retirement homes.

The Vice-Chair: Thank you so much for appearing in front of the committee. If you have any notes from your speech that you could file with Hansard, that would be most appreciated.

1040

ONTARIO FEDERATION OF LABOUR

The Vice-Chair: Now I'd like to call on the Ontario Federation of Labour. Good morning, Wayne, and welcome back to the committee.

Mr Wayne Samuelson: It's just wonderful to be here again, let me tell you. It's unfortunate you didn't listen to me the first time; we wouldn't have had to come back.

The Vice-Chair: Wayne, I just have to get this on the record. You have 20 minutes for your presentation. That will then leave room, if you like, for questions. If you could begin by identifying yourself officially, we'd appreciate it.

Mr Samuelson: Wayne Samuelson. I'm president of the Ontario Federation of Labour. I want to begin, of course, by thanking you for the opportunity to spend a few minutes with you. It's always the high point of my life when I have the opportunity to provide my insights to my elected representatives.

As many of you will know, I attended many of the hearings you held into the budget process and, frankly, if you didn't notice, after eight years of the previous government, which ultimately just stopped holding meetings—which is probably where you will end up at some point—we took it very seriously. We sat down and looked at the options that were available to the government.

Frankly, we agreed with your Minister of Finance and your Premier when they talked about rebuilding our province, about rolling back some of the disgusting changes that were made over the last eight years and in fact dealing with some of the crises in our services. After \$10.5 billion in personal tax cuts directed to those people who already had lots of money, and \$3 billion in corporate tax cuts, clearly your committee had to deal with issues on the revenue side. We know a lot of attention was paid to the Premier, who says he didn't know there was going to be a deficit, but most of us who have been around here well knew that we were heading for a deficit before the election.

What I'm disappointed in is that the government didn't deal up front with the revenue side and actually say, "You know, the previous government cut too much, so we're going to look at ways to increase revenue in a progressive, fair manner." If my mother were alive, looking at this today—and she was a Newfoundlander—she'd probably say something like, "You know something, Wayne? That Dalton guy is just a bit too cute." That's how she would have characterized it.

I can't think of a more regressive way to gather income. Someone making \$25,000 a year is taxed or premiumized—whatever word you want to use—at 1.2%; at \$100,000 it's 0.75%; and at \$500,000 it's 0.18%. This is outrageous. It's absolutely outrageous. You would have to work to find a way to raise revenue in a more regressive manner. You listened to people across the province—and I was there for much of it—and I don't think there was one person who sat here and said, "I've got a way for you to raise some revenue, and that is, to bring in a regressive, outrageous health premium." Nobody talked about that. People did talk about the need for revenue. They talked about ways to raise it in a fair way, but nobody came and suggested this.

Frankly, I want to express a little bit of solidarity for the Liberals on this committee. I've been around Queen's

Park a while, and I saw a bit of this in the previous government. I'm sure my friends would admit it over a beer, when no one is listening, where they sit at the committee and listen to all this, and then a bunch of people in some office across the street, some brain trust, comes up with this bright idea. I think that's what has happened here, if I can be blunt. I've seen it before, and—I'm going to be honest with you—I've seen it with every party, because I've been around here for 15 years. It's almost like this brain trust across the street has taken their blue ties off and now they've all got red ties on. I know how it works: They're all telling you it's a communications problem. That's what they told the Tories, that's what they told the NDP backbenchers: "We're all OK; we've just got to communicate it."

Like many of you, I've had the opportunity in the last few weeks to be out knocking on a lot of doors, and you can communicate all you want, but people out there are outraged. When my friends from the chiropractic community and others come to speak to you, they're talking about what they're hearing. I'm hearing it, and you've got to be hearing it. You can communicate all you want; you're not going to change what has happened unless you stand up to those people with the red ties who are hanging out in some office across the street. I think the province was ready to rebuild. I think you would have had support if you had raised revenues in a progressive manner. If you let those people, whoever is making these decisions, continue on this track, you'll probably meet with the same fate as many of your Liberal friends federally are going to meet in a couple of weeks.

But it's not really about politics; it's about people. It's about the people I represent, who are expecting to rebuild this province. You've not only brought in a regressive tax, but you've had a major negative impact on those of us who are arguing for rebuilding our infrastructure, for rebuilding our schools, for rebuilding our health care system, because I think you've basically lost a lot of trust and a lot of the hope that people put in your message of change in the last election.

In politics, sometimes it's tough to challenge power, whether it's external or in your party. I actually find myself now and then quietly congratulating the Tories when they point to some of the outrageous things you've done. That's how bad it's gotten. My suggestion to you is to maybe talk to some of these people who've been around for a while. I know it might put in jeopardy your opportunity to become a cabinet minister some time, but we need voices who understand how unfair this is, who have access to those people in the back rooms and in the government, to reconsider this, to look at ways to build credibility, to raise revenue in a progressive manner and rebuild our province.

One final comment, which again you are free of course to completely discount: Based on my 15 years of hanging around this building, if you don't do it now, you never will, and you'll just continue on this road of letting other people who aren't elected make these decisions. That's going to hurt not only you, but it's going to hurt

the people I have the privilege to represent. Thank you very much.

The Vice-Chair: Thank you, Mr Samuelson. We have time for questions, about three minutes per party, and by rotation we'll start with the Liberals.

Mr Colle: Thank you for the heartfelt commentary, Mr Samuelson. I appreciate your straightforwardness, as always.

I just want to say that one of the things we've done that's sometimes overlooked is that in Bill 2 we rolled back the corporate tax cuts the previous government had put forward, we rolled back the private school money, we increased tobacco taxes and we also took away the tax cuts that were going to be given basically to the highest-income-earning seniors. We rolled those back. I think that's part of our concurrence with you, that we have to basically make up for the \$13 billion or \$14 billion they took out of the system over the last number of years. I think that was a substantive step, and by the way, the NDP voted with the Tories on that. Would you like to comment on that?

Mr Samuelson: As my mother would say, God love you for making a nice argument. I also recognize that the Tory tax cuts were future tax cuts. If you were really serious about it, you would recognize that you have a structural deficit of \$3.5 billion right now; never mind increases that were going to come in the future. If you were really serious about it, Mr Colle, you would have said right off the bat—and everybody recognizes this—“We've got a \$3.5-billion structural deficit.” Increasing the price of a pack of cigarettes and, frankly, tinkering around with some of the changes wasn't going to do it. Anybody who watches government finances knows that.

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You would have had to deal with the cuts the previous government had already instituted. It would have been tough. My suggestion is you could have done it progressively. I think there would have been support for that. I can tell you, I was at many of those committee hearings, and I'm actually the kind of guy who reads Hansard once in a while, if you can believe that. I'm sure there aren't many of us around. But delegation after delegation was here, willing to support you on those kinds of changes; instead, for whatever reason, somebody dreamed up this regressive measure you brought in. I understand it may add up to a few bucks, but if you really want to change things on the expenditure side, then you have to change them on the revenue side, too.

Mr Colle: I don't want to argue with you, but I think the rollback of those corporate tax cuts ended up in the billions, not a few bucks: billions of dollars in total when we rolled back the seniors' property tax credit and we rolled back the private school money. It was billions of dollars, not a few dollars.

The other thing I want to say you is you mention the lack of progressivity in our premium. We're the only province, of the ones that have a premium, that has it based on income. So someone at \$20,000 doesn't pay

anything, someone at \$21,000 pays \$60 a year, and all the way up to \$900.

One of the things you failed to mention that I think makes it somewhat more progressive is that the former provincial health share levy that the previous government rolled into a surtax is still in place. So that person making \$500,000 is still paying a considerable amount of money, in the tens of thousands, in that surtax. Also, we have an income tax which is pretty progressive, up to 40% and beyond of that person's income who is making \$500,000. So those taxes are still in place.

The Vice-Chair: Thank you, Mr Colle. Mr Samuelson, briefly.

Mr Samuelson: Very briefly, because this doesn't take long to answer.

First of all, you brought in a tax that applies to both income earners in a household. And if you make the argument that the progressive tax system is still in place, then the question is easy: Why didn't you just bring in a progressive tax, instead of trying to call it a premium? By the way, I'm interested to know, in a word, is this a premium or a tax?

The Vice-Chair: It's not the Chair who answers that.

Mr Samuelson: Well, can someone tell me, in just one word, a premium or a tax?

Mr Colle: A premium or a tax, call it what you will.

Mr Samuelson: Well, what is it? It's important.

Mr Colle: It's basically a premium based on one's income.

Mr Samuelson: OK, fine.

Mr Colle: We collect it through the Income Tax Act.

The Vice-Chair: Mr Samuelson and members, to be fair to everyone, we have to make sure we get the questions asked in rotation. So now we will go to the official opposition and Mr Barrett. You have up to three minutes.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Mr Samuelson. We do follow the OFL presentations with interest. In this legislation, this is defined as a tax, as I recall. I don't have the section in front of me, but—

The Vice-Chair: Mr Barrett, if you could move the microphone toward you, please?

Mr Barrett: We might suggest it depends on which side of the mouth you're hearing it from, but it is called a tax and it is called a premium.

We know in our deliberations here that close to half this year's budget is for health. That means close to half of your members' taxes are already going toward health, and, as you have indicated, I don't think anyone really expected this additional, regressive, health tax.

My question is—and according to the media there may be some options on the table—has there been any discussion with your members? Are they, in many of their work settings, expecting, as individuals and families, to pay this themselves? In some cases, do they see management paying this? In some cases, do they see assistance from the union with this added burden?

Mr Samuelson: Now that the government has cleared it up and said it's a premium, employers would pay for it in many cases, because we have language in our collective agreements. For example, now that the government has indicated it's a premium, I'm sure they'll pay it to their own employees who have that language in their collective agreements.

The real test of whether it's a tax or a premium will come when we go to our employers and suggest to them—let me explain a bit to you. Many unions have language in their collective agreements going back to the previous premiums that were in place that required the employer to pay them. If it's a premium and that language exists, then employers will pay, and I think the government has that language in some of their agreements. If it's a tax and the government admits it's a tax, then I can't think of a more regressive tax. You couldn't find a more regressive tax. I guess that's a debate that will go on.

I can assure you that there haven't been any employers calling us up and offering to pay it as of yet, although we are certainly, as a labour movement, looking at protecting the exposure of our members based on language in our collective agreements.

Mr Barrett: Certainly for any members who are employed by a tax-funded government service, the taxpayers themselves would realize that in addition to paying their own personal family share, they would also, through their taxes, be helping to pay it for, say, government-employed people.

Mr Samuelson: I guess it depends on whether they're successful in their arguments based on their collective agreement. That remains to be seen.

Mr Barrett: Going back, just for a point of information, Chair—

The Vice-Chair: Very quickly, then, Mr Barrett.

Mr Barrett: I'll just quote section 17: "A provision that amends the Income Tax Act to establish a new tax called the Ontario health premium...." So I guess we're speaking out of both sides of our mouth on this one.

The Vice-Chair: Thanks for your point of information. Now we turn to the NDP.

Mr Prue: Wayne, as always, you give sage advice. I think you're right: The members opposite have been hoodwinked by the whiz kids across the street. What would it take for this government or for these members to do the right thing? Would it take a change to the Income Tax Act, so you simply raise the \$1.6 billion to \$2.4 billion, depending, this year or next year, through income?

Mr Samuelson: All of these members heard that debate for weeks and weeks when they travelled the province, because delegation after delegation raised that.

I think we had an opportunity here. I think there was a mood in the province to rebuild. I think a really serious discussion about a progressive way of increasing revenues would have been possible. I think people were willing to talk about it. I think they recognized that the previous government hacked and slashed, and it caused

everything from Walkerton to lineups and ambulances driving around the city of Toronto.

I'm really disappointed on a personal level, because I was optimistic. I really thought things were going to change and we were going to start to rebuild the province. But I've got to say it one more time: I don't know who could have dreamed this up. It is so regressive, so unfair and, frankly, so politically stupid.

Mr Prue: They were trying something else before they came up with this one. They were going to have the soup-and-salad tax that they floated. That also was regressive and, if I can put it in your vernacular, also stupid. They backed away from that. Is there any reason you see that they shouldn't back away from this one too?

Mr Samuelson: It was interesting. I should also comment that, having spent some time watching the committee in action, I know how upset they must have been, quietly, among themselves, when they were out there talking to people and discussing really serious issues and somebody up on the second floor kept floating all these crazy ideas—everything from tolls to lettuce or salad taxes. I know how frustrating that must be for them. I can only say that if you don't stop this stuff now, boy, oh boy, are you going to be in trouble in two years.

The Vice-Chair: Thank you, Mr Samuelson.

For members of the committee, just a reminder: Amendments are to be filed by noon today with the clerk if you want them to be considered at clause-by-clause.

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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Vice-Chair: Now I call upon the Association of Municipalities of Ontario.

Ms Ann Mulvale: Good morning, Mr Chair and members of the committee.

The Vice-Chair: Good morning, Ann. Just before we start, I want to welcome you to the committee and say that you have 20 minutes for your presentation, and that can include questions. We'd ask that you begin by stating your name for Hansard.

Ms Mulvale: My name is Ann Mulvale, and I am the mayor of the town of Oakville and the president of the Association of Municipalities of Ontario. I am grateful for the opportunity to address the committee. In addition, I would like to introduce Brian Rosborough, who is a senior policy member of the AMO staff team.

The Association of Municipalities of Ontario, AMO, is, I believe, well known to the committee members. Now in its 105th year, AMO represents Ontario's municipal governments and advocates on behalf of Ontario's property taxpayers.

On May 18 of this year, AMO responded to the 2004 budget speech and budget bill as a principled, good start. While not without some challenges, the government is turning a page in Ontario's recent history by working with municipalities, showing greater respect to the property taxpayer and making essential municipal services

and infrastructure a priority. These are the principles that make this budget a good start.

The budget speech also committed the government to enshrining the principle of ongoing consultation between the province and municipalities and to working with the federal government to ensure that municipalities have a place at the table of national decision-making, national change.

Last week, I had the honour of attending the Legislature for the introduction of Bill 92, the Municipal Amendment Act, which would guarantee that Ontario's municipalities are consulted on matters that affect our communities.

While Bill 92 is not the subject of these standing committee hearings, I must say that it is a fundamentally important piece of legislation, one that builds on the commitment to consult with municipalities made by the previous government when it signed a memorandum of understanding with AMO in 2001. Bill 92 builds on that commitment and provides a strong foundation for municipalities to move forward in partnership with the government of Ontario.

AMO agrees with the sentiment expressed by the Premier that one order of government cannot simply try to solve its problems on the back of another order of government and that we all have a very real fiscal challenge. As the Premier said in his March 29 open letter to municipal councils, "We need to work together in partnership to meet these" fiscal "challenges while meeting the needs of the people we both serve."

We believe that the guarantee in law of meaningful and productive intergovernmental relationships will be an important legacy for this government, and one that ensures the interests of property taxpayers are always considered.

From AMO's perspective, the budget includes a number of key advances that we believe will benefit property taxpayers. These include changes to public health cost sharing; providing a share of the provincial gas tax for public transit; new provincial funding for municipal infrastructure; improvements to assessment and property tax policy rules that will empower municipal governments and help to put the implementation of current value assessment back on track; and provincial land tax reform.

These initiatives are important steps in the right direction. They bode well for a renewed partnership between the province and municipalities. They bode well if the bottom line for municipalities is improved.

I will speak to these advancements in a moment, but first, I would also note that there are some areas of the budget that will create challenges for municipalities. To put these challenges in context for the committee, I would ask you to consider the fact that municipal governments receive, on average, just six cents of every tax dollar paid by the people of Ontario. I would add as well that people and families in our communities have far less capacity to cope with increases in property taxes than they do with increases in income or consumption taxes.

Among the challenges in this budget is the long-overdue cost-of-living increase for individuals and families who rely on social assistance. As committee members are no doubt aware, the downloading of social assistance costs by the previous government means that property taxpayers are required to subsidize provincial social assistance and disability support programs at a rate of 20%. The cost-of-living increase will cost Ontario property taxpayers an estimated \$20 million in 2005, or result in a \$20-million reduction in other municipal services.

To the government's credit, however, I will acknowledge that municipalities will not be asked to increase our subsidy to the province until 2005, when municipalities begin a new budget year. By not requiring municipalities to increase costs in-year, or to budget next year for retroactive costs, the province is demonstrating a good-faith approach, one we acknowledge and appreciate.

Another key area of concern for municipalities is the government's commitment to the community reinvestment fund. The CRF was introduced by the previous government to provide a partial offset to downloaded provincial costs. It addresses, in part, the symptoms of a serious and fundamental fiscal imbalance that results from downloading. There were gaps then, and they have grown with increased provincial standards, caps on program costs and caps on labour costs.

While the budget papers point to a stable CRF allocation for 2004-05, municipalities have been informed by the Ministry of Finance that they should not rely on a reconciliation this year reflecting actual costs for 2003. Failure to reconcile the CRF for 2003 will result in serious financial implications for municipalities and cost property taxpayers many tens of millions of dollars. If this is to be the case, we need to build a plan to manage these and other impacts such as the growing costs of Ontario Provincial Police service contracts in rural and northern communities.

As employers, municipalities are also concerned about the planned amendments to the Income Tax Act arising from Bill 83 to establish a new income tax to pay for health care. As employers, we urge the government, in developing these amendments, to be clear that the new tax is not a restoration of health insurance premiums that were eliminated in 1990. The budget seems clear that this new tax is a tax on employees and not a tax on employers, but the proposed amendments to the Income Tax Act must leave no doubt in anyone's mind.

As I noted at the beginning of my remarks, the budget is a principled, good start. On balance, it is good for municipalities and good for property taxpayers. It contains a number of important advances.

Responding to long-standing municipal concerns as well as the Walker and Campbell reports, the budget commits the province to taking back 75% of public health costs by 2007, a substantial improvement from the current 50% share established during the previous government's downloading exercise.

While we are mindful that increases in overall public health spending will erode the gains provided in this budget, the changes are positive, as they begin to address the fundamental problems of municipalities subsidizing provincial programs.

In fact, after almost 10 years, we are back to the original cost-sharing formula, but the investment to build public health capacity has grown and will continue to grow. As we move forward, we must keep in mind that the real target for a sustainable public health system in Ontario is 100% provincial funding.

The budget commits the government to providing an initial one-cent-a-litre share of the provincial gas tax for municipal transit, beginning in October 2004, and growing to two cents a litre in 2006. This initiative reflects an important shift in the provincial-municipal landscape. It reflects an understanding at the provincial level that municipalities need access to the revenues required to provide services in our communities. It begins to recognize that the original intent of the gas tax—to support investment in our transportation systems—is important. One cent per litre begins to deliver this intent.

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Funding for transit is a principled, good start. But there are other challenges apart from the transit systems. Ontario's roads and bridges are critical to a successful economy and to the movement of goods and people.

We note that the budget also allocates funding for municipal rural infrastructure. Last month, Canada, Ontario and AMO signed letters of intent to develop a \$900-million Canada-Ontario municipal rural infrastructure program. The budget confirms the provincial share of funding for this important new program.

A tripartite framework to deliver infrastructure and to begin to narrow the infrastructure gap is critical. Doing nothing allows the gap to grow at a staggering \$2 billion a year nation-wide, and I can assure you that the bulk of the challenge is here in Ontario. We can ill-afford to do nothing, and AMO is committed to working with the provincial and federal governments to get this program up and running.

Proposed amendments to the Assessment Act and the Municipal Act contained in Bill 83 reflect an important step forward in the realization of property tax reform in Ontario. Through these amendments, the province is offering municipalities an improved assessment framework and greater autonomy and flexibility in the administration of property tax policy.

Many experts over the years have reviewed and analyzed assessment approaches. After much work in Ontario, we moved to current value assessment—CVA. CVA can work in Ontario, but the initial framework and the tax policy framework has been changed so many times, from major changes to tinkering, that it is now far too complicated and cumbersome.

We offered the government changes that would help put CVA back on track. The government listened and it has acted. Changes to the assessment cycle contained in Bill 83 should result in better quality assessment data and benefit both municipalities and property taxpayers.

Bill 83 would replace the unnecessary and ill-advised 5% cap on CVA increases for commercial and industrial properties with flexible measures that provide more discretion to municipal governments. These measures would be fairer to the businesses that are currently experiencing a clawback of their CVA tax reduction to finance the cap, while speeding up the full implementation of CVA.

Similarly, the phasing out of property tax discounts for new construction by 2008 will result in greater equity for commercial property taxpayers and hasten the implementation of CVA. A shorter time frame would have been preferred, but this is a step in the right direction. To reiterate, these changes will help put property tax reform in Ontario back on track.

Ontario's communities are embarking on a period of renewal. Consequently, we will gauge the success of this budget and subsequent provincial budgets on the extent to which they help to renew and strengthen our communities.

As I said in my opening remarks, this budget is a good start. Bill 83 contains a number of advances for property taxpayers in Ontario.

Ontario's municipalities are prepared to move forward with the advances we have so far. We are prepared to work with the government and this committee toward further improvements for the sake of the people, enterprises and institutions that live and thrive in Ontario's municipalities.

In conclusion, I would like to thank the committee for allowing me to participate in this morning's proceedings.

The Vice-Chair: Thank you, Your Worship. We do have time for questions. It will be brief—not more than two minutes in total. By rotation, we start with the official opposition.

Mr O'Toole: Thank you very much for presenting, Ms Mulvale. I have just a couple of comments and then a couple of questions for your response.

You talked with some intensity. I respect the experience you bring to the table, having myself served at the municipal level of government. You would be familiar, of course, with the whole argument of downloading and sharing and shifting and with all of the reports, whether it's disentanglement, the Fair Tax Commission or the Who Does What panel, and the call by AMO and others to come with a current value assessment system or market value assessment—it has been talked about for 10 years. It's just that no one was prepared to do it. The Liberals tried it and cancelled it. The NDP tried it and cancelled it because of the entanglements we just talked about. I think that working fairly with the CRF fund—the mechanism for transitions, which you've taken some time to describe—what other tools would you recommend?

I bring that to your attention in light of two things. If you read the current legislation, in subsection 11(5), on page 11, you will see that it allows the minister to retroactively levy a tax. This is the only government I've ever seen—there are three areas where they've levied, or

attempted to levy, taxes retroactively: on your businesses, your tenants and your residence. Do you agree with retroactivity in terms of tax policy? That's the first question.

Ms Mulvale: I think the acknowledgement in my presentation, that we appreciated that we were not going to be required to pay the increase to the social assistance—either retroactively in 2005, or have an adjustment during the budget year 2004 for municipalities—indicates that's clearly not our preference. In fact, we believe the wisdom of your government—and it has been enhanced by including the MOU provisions into the Municipal Act—that all changes in provincial policies will have pre-consultation with the municipalities, speak to our need—not our preference, but our absolute need to be consulted and to have cost implications recognized by the provincial order of government before they are incurred by the municipal order. I'm here today to specifically speak to policies that impact the municipal order of government. So that's my response to your question.

Mr O'Toole: I appreciate that. Just one more thing: The SARS funding that has been cancelled, are you happy with that?

The Vice-Chair: Mr O'Toole, two minutes is two minutes. Now it's Mr—

Mr O'Toole: It went so quickly.

The Vice-Chair: It's how long the question is, which is how long the answer is. Mr Prue and the NDP, two minutes.

Mr Prue: I'm going to show you how to do a short one. One of the things that I'm most concerned about in this budget is the lack of money for affordable housing, which you have championed—only \$13 million. Tell me how that's going to impact municipalities.

Ms Mulvale: We remain hopeful that whoever forms the federal government will come back to the table on social housing. We were able to get some projects that were pilots, so that we could have the experience of them. We're grateful for that funding, but it's quite clear from a municipal perspective that we believe the provincial and federal governments both need to do more.

The people on the streets of communities: Many of them may have mental health problems, but many of them are not there by choice. Clearly, we need to have appropriate geared-to-income—or rent subsidies. It doesn't necessarily always have to be building houses; it's engaging with the private sector to give the rent subsidies.

We're prepared to work with the federal and provincial governments to find better solutions. Clearly, today we don't have adequate solutions to the challenge of the homeless and the need for geared-to-income housing.

Mr Prue: That has not been included in this budget and obviously it should have been. Where should the government be going in its next budget? Should these monies be there?

Ms Mulvale: I think the government was dealing with a challenge. They've laid out a four-year plan. We're certainly working with this government as we did with

the past—and we did with you, in terms of evolving the NDP's policy to keep putting before—

Mr Prue: I was a mayor then, remember? I wasn't here.

Ms Mulvale: No, actually the last time I spoke to you was as an MPP on your government's policy for the election. So we're continuing to work with them and to do our part to address it. It's an issue that will not go away and will ultimately undermine not only the well-being of the people without adequate housing but the economy, because we need people of all income brackets in our communities to be the workforce to fuel the economy.

The Vice-Chair: Now we turn to the government.

Mr Colle: Thank you, Madam Mayor, from the beautiful city of Oakville, the home of some of the most splendid gardens and homes, I think, in this province. I just want to say that I appreciate the fact that you, as a representative of AMO, have worked hand in hand in developing some of the changes in directions that we've undertaken, especially with property tax assessment, in terms of working to enshrine in legislation the memorandum of understanding.

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As you know, we're attempting to reverse the 10 years of downloading with our commitment of uploading public health. We know that eventually we have to look at other areas, where we have to upload it on a more progressive, wider tax base than—as you've said, this is a start. I just hope that we continue to get input from the front-line deliverers of service, the municipalities.

As you've said, the ironic thing is that municipalities only get six cents on every dollar of taxes paid. I think we, as provincial officials—a lot of us here, in fact, have been on municipal council—I agree; I think you get the biggest bang for your buck once you pay your property tax, but yet it's the biggest flashpoint when those property tax notices come out. That's why we're working with you to try and fix some of the gaps and complexities of assessment so that we have a more rational system that municipalities can deal with and taxpayers can deal with.

Ms Mulvale: I can restate that AMO is always ready to work with the provincial government and the federal government. We do believe, where the rubber hits the road, Ontarians have the unfortunate experience of paying 14% higher property taxes than the next highest province or territory across this country. Clearly, there are things that need to be uploaded; income redistribution should not be on property tax. I believe that argument and that reality is resonating with the property taxpayers.

On another gentle critique, if I might, the people who live in those lovely homes and gardens like to be known as from the town of Oakville. They do it by choice. It's a nomenclature they cleave to with great affection.

The Vice-Chair: Thank you so much, Ann. If you have a copy of your comments that you'd like to file with the clerk, that would be much appreciated for Hansard.

ONTARIO CHIROPRACTIC ASSOCIATION

The Vice-Chair: I would now call upon the Ontario Chiropractic Association. Good morning and welcome. You have 20 minutes for your presentation, and you can leave time for questions. We'd ask that you begin your remarks by stating, for the Hansard record, your name. Thank you very much.

Dr Dean Wright: Good morning. My name is Dr Dean Wright. I'm a chiropractor from Newmarket, Ontario. I also serve as the current president of the Ontario Chiropractic Association. To my left is Mr Bruce Squires, the executive director for the OCA.

I'm going to begin our presentation by reading from the report. I'll start from page 3.

The Ontario Chiropractic Association is pleased to have the opportunity to present to the standing committee on finance and economic affairs on Bill 83, the budget bill. The OCA represents over 2,500 Ontario chiropractors, who provide important health care services to over 1.2 million Ontarians each year. Given this, the OCA's comments will be focused on the budget announcement that public funding under OHIP for chiropractic services is to be eliminated in the fall of 2004.

The May 18th provincial budget, delivered by Minister Sorbara, represents the very first public indication that government was considering delisting chiropractic services. In fact, the possibility was never mentioned during the election campaign, the pre-budget consultations or the Premier's town hall meetings. The 1.2 million Ontarians who utilize chiropractic services annually—over a five-year period, that represents 25% of the population—were given no opportunity to express their thoughts. Neither was the OCA given any opportunity to comment or meet directly with the Minister of Health and Long-Term Care. As there was no consultation prior to the decision, we believe it's important that the public be given the opportunity to express their views, as they have.

As demonstrated by a recent poll conducted by POLLARA Inc, the public believes this decision was not in the best interests of Ontario. Highlights of the poll include:

(1) 89% of respondents believe that treatment of back pain is an essential health care service;

(2) 79% of the respondents believe the decision to delist chiropractic services will prompt people suffering from back pain and other related complaints to instead go to other health care providers like family doctors and emergency rooms, which are already overburdened and understaffed;

(3) 67% of the respondents believe that chiropractic care should be fully covered under our medicare system; and

(4) 70% of the respondents oppose the decision to delist chiropractic care.

The OCA and government have also heard from patients. Already, there are over 200,000 signed petitions from citizens of Ontario calling on the government to

reverse this decision. As well, over 100,000 individual letters have been sent to the Premier, the Minister of Health and the Minister of Finance expressing concerns over this decision. Others have expressed their concern as well.

On behalf of the more than 300,000 people in Ontario battling fibromyalgia and chronic fatigue syndrome, FM-CFS Canada has noted that "the delisting of these services will seriously impact some of our members who have limited economic means and an inability to down-load this extra burden to company-sponsored health plans."

The implications of delisting:

The May 18th budget speech positioned the decision to delist chiropractic and other services as allowing government to "improve cancer care and cardiac care, home care and long-term care." However, evidence to support this assumption was not presented, nor was any analysis of the implications for the health system, provincial finances or society. For this reason, the OCA has commissioned the national health services consulting group of Deloitte Inc, an important and respected authority on health care policy, to prepare an analysis of the implications of this decision.

While Deloitte's detailed analysis and report is not yet available, they have provided important preliminary observations. To begin, Deloitte has outlined key health care priorities publicly identified by government, and they noted whether chiropractic care fits within that priority.

On access to care, Deloitte notes: "Patients use chiropractic services as a direct substitution for comparable medical care. This reduces demand for services from scarce health human resources, that is, primarily physicians."

On clinical care, they note: "Chiropractic care has been demonstrated to be an effective clinical treatment in the management of lower back pain, a chronic condition affecting up to three-quarters of the population at some point in their lives, particularly in later years."

On cost of care, they write: "Chiropractic care has been demonstrated to be cost-effective for lower back disorder; numerous studies have estimated that chiropractic services are between one-quarter to one-half of the costs for comparable medical services."

On transformation of care, Deloitte reports: "Chiropractic services are not integrated into the multi-disciplinary care setting necessary to transform the delivery of health care services."

Deloitte concludes: "Chiropractic care is a clinical and cost-effective alternative to medical care that can enhance access to medical services and contribute to the transformation of the health care system."

In identifying the alignment of chiropractic care with these priorities, Deloitte highlights the benefits from continued funding of chiropractic services. They note:

Chiropractic care enhances access to the health care system because it offers an alternative to the comparable medical care provided by scarce physician resources, and

reduces the likelihood of patients using difficult-to-access emergency and other hospital services.

Chiropractic care is effective because practitioners are highly specialized and focused on specific chronic musculoskeletal conditions; few physicians focus on a comparable range of musculoskeletal conditions.

Chiropractic care provides a cost-effective alternative to comparable medical care. Maintaining funding for chiropractic services is estimated to have a positive economic impact on health care costs.

An analysis by Professor Pran Manga, from the University of Ottawa, suggests that the \$93-million reduction in expenditures on chiropractic services will lead to an increase in health care expenditures of over \$200 million—primarily for physician services and emergency room and hospital visits.

Co-management and integrating chiropractic services into multi-disciplinary teams and primary care renewal will bring the benefits of chiropractic care, improved access, appropriate clinical care and cost-effective care, into the transformation of the health care system.

Deloitte concludes their preliminary observations by noting that: “Continued funding for chiropractic services will serve to further meet the government’s priorities of improved access and appropriate cost-effective clinical care in” the transformation of the “health care system—the right care, at the right time, at the right place, at the right cost.”

Conversely, Deloitte’s analysis clearly demonstrates the negative implications if delisting occurs. Access to health care will be reduced, health care spending will increase, and health care system transformation will be made more difficult.

In summary, the chiropractors of Ontario, our patients, and the public are calling upon the government to revisit the decision to delist chiropractic services.

Analysis shows that:

Delisting of chiropractic care will negatively impact access to all health care services, as many of the 1.2 million patients who use chiropractors will be forced to utilize already overburdened family physicians and overcrowded emergency rooms in hospitals.

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Delisting will increase public health care spending, as many patients, particularly those without private health insurance and with lower incomes, will choose or be forced to access family physicians, emergency departments and hospitals at higher costs.

Delisting will inhibit efforts to transform the health care system, as it will become more difficult to promote co-management and integration of chiropractors into the multidisciplinary teams such as the family health teams and primary care renewal.

In the face of these significant negative implications, which contradict and override any perceived benefit, the chiropractors of Ontario, our patients and, most importantly, the public believe this decision to be in error. We call on the government to immediately consult with the Ontario Chiropractic Association to ensure that patients,

the health care system and the province benefit from the best use of chiropractic services.

That’s the end of our formal speech. I’ll be happy to entertain any questions—myself and Bruce.

The Vice-Chair: Thank you, Dr Wright. We have about two minutes per caucus. By rotation, we start with the NDP.

Mr Prue: Thank you very much for your submission. I think it’s dead-on. Have you had any consultations with the government since this announcement? Have you met with the minister? Have you had any face-to-face?

Dr Wright: That’s an easy one. No.

Mr Prue: They’ve not invited you to consult or join in—

Dr Wright: At this point in time, we have not had a face-to-face meeting to discuss the implications of this on the health care system.

Mr Prue: At this point, then, the minister may not be aware that delisting your \$93-million service will end up costing \$220 million more?

Dr Wright: I think they’re probably aware. We’ve had significant media attention. Again, we know that the number of letters and the signed petitions have been getting through. I think they’re probably starting to hear the message and hear the public’s concerns. What we need now is a chance to sit down and work toward solutions for the health care system.

Mr Prue: So you would like this committee, in their recommendations and deliberations this afternoon, to move such a motion, hopefully someone from the Liberal side.

Dr Wright: I think the public would appreciate that, yes.

The Vice-Chair: Now, for the government, Mr Colle.

Mr Colle: Thank you very much, Doctor. I just want to say that I’ve had the pleasure of working with Dr Haig and others in the auto insurance area, and they’ve been most co-operative in trying to solve some of the thorny problems we have in auto insurance. It’s been nothing but the highest level of co-operation on that front. I want to just pass that on.

As you know, in no way is our dealing here with these budget realities an attempt to diminish the value of your services to Ontarians. I think that Ontarians have spoken loud and clear during this budget process that they value your services. I want to say that our dilemma is just trying to deal with how we transform and control health care costs. That’s what we’ve been looking at. I take into very serious account your information in terms of the possible negative impacts of delisting chiropractic services, and we will take a serious look at that and not neglect it in any way. So I do appreciate that information.

Mr Bruce Squires: Maybe I can comment. I think it’s appropriate to read into the record an editorial from Hospital News, to reinforce that point and the points made in the presentation. This is by Julie Abelsohn, the editor of Hospital News. In discussing the issue of delisting, she writes:

“That news is going to come as a serious pain in the neck for the 1.2 million people in the province currently using chiropractic services this year as well as the numerous people requiring the services of physiotherapists. With stress and work-related injuries skyrocketing, people will now have to dig deep to get treatment for debilitating problems such as carpal tunnel syndrome, repetitive strain injuries, nerve impingements, low-back pain, chronic headaches as well as the numerous accident-related injuries that both chiropractors and physiotherapists treat daily.

“I have no argument with Finance Minister Greg Sorbara’s statement that, ‘The need to transform health care was urgent.’ But I don’t understand how shifting people away from ‘less critical’ services such as routine eye exams is going to save money in the long run. If in fact the budget’s aim is to shift patients away from the often more expensive hospital treatments to things such as home care, long-term care and preventative medicine, they seem to be heading in the opposite direction. Without access to chiropractors and physiotherapists, where exactly is a person on a limited budget who is suddenly stricken with debilitating back pain going to go? Straight to the emergency department of their local hospital, that’s where.”

That’s from the Hospital News.

The Vice-Chair: Now we turn it over to the opposition.

Mr O’Toole: I appreciate being able to make a couple of points in the limited time that I have.

First of all, my riding of Durham is the home of chiropractic. Did you know that? Dr David Palmer.

Dr Wright: Yes, Port Perry, D.D. Palmer.

Mr O’Toole: Port Perry, you’ve got it. Excellent. You should visit some time. It’s the nicest part of Ontario, next to Toronto of course.

Dr Wright: I’ve been there.

Mr O’Toole: I’d also like to respectfully say that I’ve met with a group of chiropractors who have been very active, and their patients are outraged—I can say that publicly here—Dr James Hadden, Kevin McAllister, as well as Geoff Smith, quite a number, actually, without reading them all into the record.

I have met Dr Manga and have a signed copy of the Manga report. It was 1995 or 1996 when I first met him. Dr Manga is a health economist. He knows of what he speaks. He knows the economics of health care. In fact, I might say that the WSIB recently referred directly to chiropractic because it’s early return to work, early intervention causing people not to take more expensive medications: anti-inflammatories and painkillers etc.

Monte Kwinter, now a minister, actually had a bill looking at all of the regulated health professions and encouraging patient choice. So you’re on the right page here. WSIB doesn’t like to spend money needlessly. They know it’s the best immediate relief and rehabilitation available.

Your report here was excellent. It was useful. I’m encouraged here. But quite honestly, I should read into

the record as well—for the record, it’s very important for you here. Even the Liberal Party whip, David Levac, said in the paper, “I feel their pain,” and he added, “We should revisit the decision. It’s something we should always be prepared to discuss.”

I don’t want to press any buttons here. I think their orchestration of the \$93-million cut is going to cost \$300 million in the emergency room or lost-time accidents or whatever. I’m confident from just the little hint I got from the parliamentary assistant to the Minister of Finance that this is one thing that would cost them less and get them more. Do you understand? Really, it’s a small amount of money in the overall scheme of things.

If you want to add something to that, I certainly will pass it on to my constituents. At this point there are probably 900 e-mails.

Mr Squires: There is one thing that it may be useful to add. It has been suggested that in fact private insurance will step in to pick up the cost of chiropractic care for the patients of Ontario, and there are a couple of things we want to note.

The OCA and our patients have talked to insurers and employers, and they’re not going to automatically assume this downloaded cost. Evidence from British Columbia shows that it doesn’t occur. Manulife Financial has issued a bulletin wherein they advised their customers that the cost of health benefits is going to go up by 3% to 4% as a result of chiropractic care if in fact they adjust the policy to provide for care. That means around \$50 more for each employee. In the case of the Ontario government, that means \$3.1 million in additional costs. We all know that employers in Ontario don’t suddenly want to be responsible for \$93 million in additional costs.

More importantly, the majority of the population does not have private health care coverage: in particular, self-employed individuals, the working poor, seniors and the unemployed.

The Vice-Chair: Thank you for your presentation and thanks for providing it for the clerk. We appreciate that.

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ONTARIO PHYSIOTHERAPY ASSOCIATION

The Vice-Chair: Now we call upon the Ontario Physiotherapy Association. Good morning. You have 20 minutes for your presentation. You can leave time for questions within that time frame. We’d ask that you begin by stating your name for the Hansard record.

Ms Caroline Gill: Good morning. My name is Caroline Gill. I’m a registered physiotherapist practising in Hamilton and the past president of the Ontario Physiotherapy Association, representing 4,400 member physiotherapists across the province.

I know you were expecting Christina Boyle. Christina is stuck in Regina and so I’m here instead. Christina Boyle is the current president of the Ontario Physiotherapy Association. On my left I have Don Gracey, consultant to OPA.

We very much appreciate the opportunity of appearing before you today. The Ontario Physiotherapy Association is deeply concerned about the erosion of access to publicly funded physiotherapy.

In order to understand our position fully, however, I need to bore you with a little bit of history. In 1965, the Robarts government put a freeze on the issuance of new OHIP schedule 5 licences. OHIP schedule 5 is the fee-for-service schedule for publicly funded physiotherapy in community-based clinics and patients' homes.

There are now 91 clinic licences and 29 home visit licences. This decision meant that OHIP schedule 5 clinics and practitioners would inevitably be unable to respond to population growth and changing demographics in Ontario. For example, there's a high concentration of OHIP schedule 5 clinics in the GTA and only two in all of northern Ontario, both in Sault Ste Marie.

In 1993, the OPA negotiated an historic fee increase for OHIP schedule 5 with the Rae government that would have revitalized community-based physiotherapy. Regrettably, that fee increase was rolled back by the social contract. Since then, OHIP schedule 5 fees—\$12.20 for clinic treatments and \$24.40 for home visits—amount to physiotherapists working at minimum wage levels. No matter how hard our members try, it is simply not practicable to provide quality care at those fees to all patients who require physiotherapy.

We are also aware that fee-for-service remuneration models, especially when they reflect low fees, have the perverse incentive to maximize treatments rather than expedite recovery or focus on preventive care.

As a form of compensation for the fee rollback, the NDP government agreed to a review of publicly funded physiotherapy services in Ontario. That review was completed by the ministry and the OPA. One of its conclusions was that the demand for publicly funded physiotherapy far outstripped the supply, and the situation would only get worse. The recommendations of the physiotherapy review were never acted on by the government.

The Rae government also allowed long-term-care facilities to provide physiotherapy treatments to their residents and bill OHIP schedule 5. This as in addition to the money the Ontario government provided to long-term-care facilities for such services through their per diem.

No one is more sensitive to the needs of residents of long-term-care facilities than the OPA, but this decision led to the situation today whereby about half of all expenditures in OHIP schedule 5 are for treatments provided in long-term-care facilities. An alternative approach would have been to give long-term-care facilities the resources they need to provide the services their clients and residents require, rather than simply transfer those costs to OHIP schedule 5 with a resulting depletion of physiotherapy resources available to the community generally.

The Harris government kept OHIP fees low and maintained a cap on OHIP schedule 5 expenditures. In

addition, the cost-cutting measures that the Harris government imposed on hospitals resulted in the closure or downsizing of many hospital-based rehabilitation clinics. That further reduced access to publicly funded physiotherapy. This happened despite the fact that, under the Canada Health Act, physiotherapy services provided to hospital inpatients or outpatients is an insured service.

This happened at a time—and this phenomenon continues today—when hospitals released patients with unprecedented levels of acuity in order to cut costs, thereby putting greater demand on increasingly hard-pressed physiotherapy resources in the community and in home care.

Furthermore, the Harris government allowed many hospitals to establish private rehabilitation clinics that billed private insurers, employers or the patients themselves for treatment provided. Hospitals with private rehabilitation clinics then had the incentive to maximize the number of patients treated in their private clinics and minimize the number of patients treated in their publicly funded clinics.

The Harris government also introduced managed competition in the home care sector and did not provide anywhere near the resources necessary to provide adequate, timely physiotherapy for the homebound through the community care access centres. That problem persists today.

Finally, effective March 31, 2000, the Harris government delisted physician code G-467 by which various therapeutical services, mostly physiotherapy, were available in the community. G-467 had developed fundamental flaws and the OPA supported its delisting. However, we were promised by the Harris government that the money saved through the delisting of G-467 would be re-profiled to increase access to publicly funded physiotherapy in hospitals, in the community and in home care. But re-profiling never happened. The money saved just disappeared.

I might add that in the budget for 2002, the previous government had decided to delist OHIP schedule 5. We fought back with all the resources available because the government offered no alternatives for publicly funded physiotherapy. The government stepped back from the brink and delisting did not occur.

Then, on May 18, the McGuinty government did delist OHIP schedule 5. As I said, the OPA had acknowledged for many years that OHIP schedule 5 wasn't working well and had proposed alternatives. We were not very surprised that delisting occurred. What we hope is that the delisting of OHIP schedule 5 will clear the decks for a restructuring and revitalization of publicly funded physiotherapy in hospitals, home care, primary care and the community generally.

One point I want to make today that has been lost thus far in the political debate is that this government's delisting of OHIP schedule 5 had been virtually pre-ordained by the actions of previous governments.

Another point I want to make is that every stream of publicly funded physiotherapy faces severe challenges

today due to a lack of resources. Waiting lists are intolerably long and many patients who need physiotherapy are having to go without. Those who can afford to do so are going to private clinics to get the physiotherapy they need.

To illustrate the impact, one need only look at the composition of our profession. In 1993, 86% of physiotherapists in Ontario worked in hospitals. Today, less than 46% work in hospitals, and the vast majority of the remainder provide services in the privately funded or quasi-public systems.

The WSIB has recently completed an evaluation—and it was mentioned earlier—of the acute low back injury program of care in which physiotherapists are the main participants. That evaluation demonstrated what our profession already knew from the scientific evidence; namely, that injured workers who see a physiotherapist in the first week post-injury recover faster and better than injured workers who visit a physiotherapist or other practitioner later than the first week post-injury.

Reducing access to publicly funded physiotherapy only ends up costing the health care system more. People have to stay in hospital longer, at an average cost of \$420 per patient per day. Delay in receiving treatment, or going without, results in delayed recovery or increased chronicity, for which the health care system will have to ultimately pay.

The government talks about providing an additional 36,000 cardiac procedures per year by 2007-08 and an additional 2,300 joint replacements in each year by 2007-08. Where are these people to go for the rehabilitation they will require?

In closing—and I'm sure this will surprise many of you—I did not come here today to ask for the reinstatement of OHIP schedule 5. I came here today to put before you the case that we need to restructure and reinvest in the delivery of publicly funded physiotherapy before we do further damage to the health of Ontarians. Thank you for your attention.

The Vice-Chair: Thank you very much. We have about 10 minutes left for questions, so it'll be approximately three minutes per party. By rotation, we will start with the government.

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Mr Colle: I want to thank you for one of the best presentations I've seen in our two to three months of dealing with budget matters. We did this in advance to the budget across the province. This is a complex area, as we are all lay people here. So I do appreciate the context and poignant critical points that you've made in this presentation. I'm not trying to be at all patronizing. I just think it's sometimes difficult, as we all are trying to deal with the complexity of health issues, whether it be your profession or the chiropractic profession. It's a daunting task for us.

With this presentation, I think you've put the context in a place where the decision that we made as government is not in isolation. As you said, the predeterminants

were occurring over the last number of years. It was almost unavoidable. Something was going to happen.

You know what our challenge is. You've outlined it here with the challenges in physiotherapy and the growing demand. How can we work to somehow reconform and bring in physiotherapy as part of our transforming of health care, as we need to do? What steps could we take?

Ms Gill: I'll start and I'll let Don take over. I just really want to reiterate that the OPA is more than willing to work with the government in order to look at alternatives. What we're looking at is maintaining access to publicly funded physiotherapy services, recognizing physiotherapists as primary care practitioners, as regulated health care professionals. There are lots of models out there.

Mr Don Gracey: I think over the past 10 years or so the OPA has presented a number of models to the government. We understand that currently the government is looking at a multi-disciplinary model of primary care delivery as part of the—

Mr Colle: You're talking about the family health teams?

Mr Gracey: Yes, the family health teams; virtual or bricks-and-mortar community health centres that have physiotherapists involved; a reconfiguration of the independent health facilities, the IHFs that include physiotherapists and that aren't monopolized by physicians. We've talked to the government about block fees that are now being used in other streams, including auto insurance. We've talked to them about capitation models. There's a whole bunch of combinations and permutations of delivery models and remuneration models that could be used, using resources that the government has said that it already intends to commit to the health care sector.

The Vice-Chair: Now we turn to the official opposition.

Mr Barrett: Thank you, Ontario Physiotherapy Association. I guess I just want to review the bigger picture, the impact of rescinding or delisting schedule 5. A couple of questions: Do you feel that government figures are accurate, as far as the savings that they would accrue by doing this? Second, in previous testimony it has been suggested, and you have suggested, that by additional use of hospital and other services, in reality there would actually be an increased cost beyond any savings projected. Do you have those kinds of gross figures, province-wide projections?

Mr Gracey: In terms of projections, in terms of the spillover effects that the delisting of OHIP schedule 5 will have on hospitals etc, those kind of figures are virtually impossible to generate. All we can tell you is that in the last fiscal year OHIP's schedule 5 had gross expenditures in the range of \$63 million. Approximately half of that, about \$32.5 million, was spent in long-term-care facilities through treatments to long-term care. Those are the figures that we know.

One of the problems that we're having, quite frankly, is a communication problem. We've spoken to the minister and the ministry about it. It's a misunderstanding of

what the government has done. Several hospitals, by our count about six, have extrapolated from the delisting announcement that the government is no longer going to fund their hospital outpatient rehabilitation clinics. A number of those hospitals have started on the trail of closing down or downsizing those clinics. We've been talking to the ministry about getting the accurate communication out there. But in terms of what the gross impact would be, no, we don't have those numbers.

Mr Barrett: Just a thumbnail sketch: What do you see with respect to restructuring physiotherapy in light of this delisting? What kind of a model are we looking at or direction to restructure and reinvest?

Ms Gill: Again, we're looking at recognizing physiotherapists as primary care practitioners. We're looking at having access in a publicly funded system that works more across the province. Some of the models that we've talked about and the government is talking about are in terms of community health centres, independent health facilities, but again recognizing that physiotherapists are there at the forefront providing that health promotion, prevention and treatment. We don't want to get into a situation where monies that are reinvested are not—for instance, if money goes back into the CCACs, unless it is actually tagged or is envelope funding for physiotherapy and rehabilitation, we know from experience that that money will get lost.

Mr Gracey: If I could just add to that. One of the missing variables in this, and Caroline mentioned it, is that physiotherapy is an insured service under the Canada Health Act. Physiotherapy service, as provided to hospital in-patients and outpatients, is an insured service.

With the greatest respect to all governments of the last 10 years, I think there is much more that the Ontario government could do to make sure that hospitals do what they're supposed to be doing under the Canada Health Act and providing adequate physiotherapy treatments in hospitals to hospital in-patients and outpatients and not downsizing those rehab clinics in order to fund other aspects of hospital operations.

The Vice-Chair: Thank you. Now we'll turn to the third party.

Mr Prue: I thought your comments here were—I concur with Michael Colle—really quite enlightening. The one point here that this has been “virtually pre-ordained by the actions of previous governments” had been lost to me until now because I hadn't realized quite all of these things that happened back to 1965.

My question to you relates to the penultimate paragraph in which you say you “did not come here today to ask for reinstatement ... [but] to put before you the case that we need to restructure.” I would put the question to you, if we do not reinstate you, you would have a status similar to dentists where there's no public cry and nobody saying, “This should be included.” I would think you'd be lost if you're not reinstated. So I put it to you: If we don't reinstate you, I don't think you'll ever get restructured. Is that a fair comment?

Mr Gracey: Can I put it the other way? OHIP schedule 5 is broken. If you reinstate OHIP schedule 5, then we would be concerned that it would never be fixed. OHIP schedule 5 is not a cost-effective way of delivering community-based physiotherapy. Now that it's gone, the decks are cleared; let's talk about improving access to publicly funded physiotherapy across the gamut of systems. But reinstating OHIP schedule 5 is reinstating a problem that has existed for 15 or 20 years.

Ms Gill: This is a real opportunity to ensure that publicly funded access to physiotherapy services is done in a system that works better, that is more province-wide, because we know that we have patients—I have them every day—who do not have the wherewithal to go to private clinics. We know we need publicly funded access; we just need it in a different way.

Mr Prue: Your position is quite opposite to the schedule 5 presenters who were here today. How does the committee weigh those two options? Obviously you're saying something diametrically opposed to what they're saying.

Ms Gill: One of the values and mission of the Ontario Physiotherapy Association is to look at the health of Ontarians. That's what we're looking at in terms of providing publicly funded access to the citizens of Ontario.

The Vice-Chair: Thank you for your presentation.

Just a note to remind all members that the Ontario Cattleman's Association is having a barbecue in front of the Legislature right now for us.

I would end with saying that the committee stands recessed until following routine proceedings or 4 pm, whichever is earlier, in this room.

The committee recessed from 1200 to 1530.

The Acting Chair (Mrs Carol Mitchell): I'll call the committee to order.

Committee members, you have three documents in front of you: the amendments filed at the time of deadline, the summary of the hearings and the working copy, which is numbered. That will be the copy we are working from, and that is the amendments filed to deadline.

Are there any comments, questions or amendments—

Mr O'Toole: Just procedurally—and I'm not trying to be obstructive here in any way. It's just that I received a fax—I didn't get to my fax because I don't have a staff person in the office today—from CLT Service Canada. It's dated June 16.

Mr Colle: What's CLT?

Mr O'Toole: I'm not sure. It isn't in the list of written submissions. It's from CLT with respect to its role and MPAC, the Municipal Property Assessment Corp. With indulgence, I would just file it as a submission. I'm not making a big statement about it. The acronym isn't spelled out. It says:

“As you may be aware, CLT is ready, willing and able to compete with MPAC to provide municipalities with assessment services.... We think, along with more than 60 municipalities, that property assessment services should not be the exclusive purview of the government.” It

doesn't make a specific recommendation; it's just information.

The Acting Chair: Thank you, Mr O'Toole. We will receive that, and it will be added as well.

Mr Colle: Madam Chair, just for information: The copies we're dealing with is the package that has the number in the right-hand corner?

The Acting Chair: Correct. That will be the working document.

Mr O'Toole: It says "government motion"?

The Acting Chair: The one with the number on it.

Mr O'Toole: Oh, it's got a number on it here—number 1.

The Acting Chair: That's it.

Mr O'Toole: That's the one. Very good, thank you.

The Acting Chair: Did you have a question, Mr Barrett?

Mr Barrett: No. Are we going to do our statements now for the first section?

The Acting Chair: Yes. If you would indulge me, I will go through the process and then we will. How's that?

Mr Barrett: OK.

The Acting Chair: Thank you. Are there any comments, questions or amendments to any section of the bill and, if so, to which section?

Mr Barrett: Just to comment on a number of sections that have been addressed during the testimony, both today and yesterday, I think of the very recent presentation from Mr Samuelson, Ontario Federation of Labour. He used the phrase, directed toward this budget bill and the actions of this government, and describes them as "politically stupid." I don't concur with that. Specifically, I think it goes much deeper than that. I would hope, with some of the testimony we have heard in the last several days, and also with respect to the feedback we have all received from people in our ridings, from various organizations and groups that have been following this budget very closely, that the government is developing a new-found respect for keeping promises and telling the truth, very simply.

However, these hearings and the introduction of the 2004 budget in the Legislature, in my mind, underline the fact that to date much of that has fallen on deaf ears. I haven't had a chance to take a look at the government motions. I suspect they will not be making any major, significant changes to this budget bill.

Interjection.

Mr Barrett: My colleague is disappointed. I suspect there are not major additions, deletions or corrections, and hence my concern that some of this testimony and the feedback over the last several months may well have fallen on deaf ears.

This government has tinkered with promises in the past, going back to last fall, and this particular budget bill that we're debating and the broader budget process, in my mind, represent the big whopper of them all, solidifying the Liberal reputation as a promise-breaking machine, a very formidable machine that bears very little accountability to pledges that were made during the

election campaign: budget tax hikes—that's very clear—a deficit budget, delisting of health services. We certainly have received that input in the last several days, going on the last number of weeks: through delisting alone, the move toward a regressive—as has been described in testimony—two-tier privatization of health care. Very clearly—and I would think many of the government's allies or stakeholders, if you will, realize—there were no hirings of teachers or police officers announced in the 2004 budget. The list goes on and on, a list that runs counter to pledges made by this government during the election—broken promises.

It is clear there is considerable work to do in impressing on this government the importance of keeping its word. People in Ontario—certainly children—understand the moral of an ancient tale of a wooden boy with a very long nose—

Mr O'Toole: Protuberance.

Mr Barrett: Protuberance. Again, this can be measured. There are at least two polls. I know the first poll bears this out, showing that 9% feel Premier McGuinty is doing a good job. I should rephrase that as "a mere or only 9% approval rating," and I'm assuming those numbers don't lie.

Again, I think it's very important for this government to listen to some of the lessons in the testimony of the last little while during these hearings. I, for one, can tell you that people do have long memories; they're not going to forget. With only 9% of the population delivering a passing grade to the Premier in the wake of this particular budget and budget bill, a clear message is being sent out about the importance of honesty. There is a price to be paid for breaking promises or for having a province run by a Premier who clearly is not a man of his word, not a man of the type of honesty the people of Ontario expect of their elected government.

Interjection.

Mr Barrett: Again, we would all like to see a balanced budget. I know the government promised that and put that in writing. We have to bear in mind that I'm speaking on behalf of a party that formed a government that did balance the budget four years in a row. I guess it was the first time that had been done in 100 years, and there was no good reason why we couldn't have gone for a fifth year. I know what I'm talking about as far as four balanced budgets in a row.

Every time you bring in a deficit, you add to the accumulated debt. Put that on top of the interest rate, and just by default, if you will, it continues to add to the accumulated debt.

I think what's really of concern is that the majority of these tax increases, including the health tax and the cancelled tax reductions for business and companies before Christmas, fall on the shoulders of working families, modest- and middle-income earners who rely on every single penny to provide as high a quality of life as possible for members of that family. I know a number of these families are now in a position where they're not planning holidays this summer.

Do you have anything to add to that?

1540

Mr O'Toole: Yes. I think there are a couple of other issues, in a general comment before we start the very onerous task of reviewing these amendments. I just want to put on the record that we know this is time-allocated. As such, you're stifling debate. You're shutting off debate by all the persons who have been disappointed, and they are thousands. I'm just going to mention one specific group here. With your indulgence, through the Chair, I would read this letter to the Minister of Finance.

Mr Colle is very much aware of the great deal of work and attention that's been given to the issue of recreational camping vehicles. This is to the Minister of Finance, dated yesterday.

"Yesterday there was a meeting of your staff and representatives of the camping and RV industry" on resolving the assessment issue. "Mr Minister, there was no resolution, nor does there appear to be one going to happen before this House recesses, without your intervention."

I might add here, on my own note, that Mr Colle is very much aware of this, and I feel confident that he's sensitive to finding a solution in this, as many members are.

"Although progress was made, the industry is on its knees. All Ontario manufacturers have laid off employees; the market for park model RVs is non-existent" as a result of the assessment on RVs.

"Campgrounds cannot pay their property taxes and have the cash to pay trailer owners' taxes too.

"Many parks have not been yet assessed or reassessed.

"The criteria to assess is in its fourth rewrite."

So there is confusion on the criteria for assessing these particular recreational vehicles.

"Government-owned parks," which are in my riding, as well as many others, "would be assessed but not taxed depending on their agreements to occupy, thus creating a two-tier system.

"Some consumers refuse to pay until there is an assessment. Others refuse to pay period. Others have appealed the campground owner's assessment as their only means to get at their own assessment.

"This industry needs your help now, Mr Minister. After a disastrous 2003, offer them some hope. They have come to you, Mr Minister, with a plan to pay their fair share. They have come to you with a plan that works in many jurisdictions across North America. It will raise the same amount of money for municipalities.

"They have been trying to meet with you and work with you for over nine months."

"You will have our support"—I endorse this myself and, I'm sure, members in other caucuses. I've worked on this with a few NDP members as well to find a solution.

"They are requesting your help now. Your ministry likes the plan, but to introduce tax legislation will not happen before this session ends. Give them relief while the logistics of this solution are worked out."

"You need to let municipalities know now: They should not rely on these partial and appealed assessments for 2004.

"Every seasonal camper, industry employee in Ontario is waiting for you to do something for 2004.

"Bring some confidence and stability back to this vital Ontario tourism industry.

"Will you resolve this issue to bring these workers back to work now?"

"The issue is easily resolved."

Mr Minister, will you implement the solution of the tag sticker fee and cancel assessments, or put a moratorium on them, for the balance of the year 2004?

It's important. We've listened; we've worked. I understand that at the end of the day the minister is the boss. It's a pretty fragile industry. It's been talked about for 10 years; in fact, the moratorium was first put on by David Peterson during the election of that year—I'm not making this a partisan statement. The moratorium existed for some time.

In the review of MPAC, it did go to the courts. There was a court ruling that they were indeed assessable properties. It was an Ontario court decision. On those instructions, I believe MPAC staff went about trying to apply some criteria. They ran into a roadblock of the administration of this assessment process and then the revenue-collecting process.

The industry coalition has put together a fairly workable plan that Mr Colle and I have spoken about at some length. I just leave on the record that I'm happy that a moratorium this year would probably solve the problem. But if the fiscal year for the municipality goes on too long and they anticipate this as part of their revenue, they'll have to appeal to the government or to someone to make up that lost revenue in their budget. If there could be something on the record from the government side, many of whom are home or are themselves campers—I'm just appealing to you in good faith, nothing more than that.

The only other point I would make, and I will try to be productive in this, is that I think there is evidence, as I have cited in the House and in this committee, that a number of members—Mr Brownell as well as Mr McNeely, Mr Craitor, Mr Levac, and indeed a minister—have said that some of the announcements made in the budget were a surprise and some felt they were painful. One used the word—I'll probably be using this for a few years—"brutal." That was Mr McNeely from Ottawa-Orléans.

What we're trying to say is that the biggest section you're going to find in my contribution here today, which may not amount to very much, is section 17. Section 17 is the Taxpayer Protection Act. Like it or lump it, those were the rules at the time. What it was, really, was a commitment to balanced budget legislation, and the taxpayers federation intervened. The Premier, as we all know, in a very conspicuous public election gesture signed to say he would balance the budget, have no deficit and, as well, not raise taxes. He has not only

broken the law, he has broken a promise. On that section, I think there needs to be some conversation at that time. I won't delay proceedings any longer without making those points.

I know Mr Barrett is very concerned about section 19. In fact, half of this entire bill is dedicated to the tobacco tax issue. We heard from the agriculture industry itself that this wasn't an issue about the acceptability of tobacco or smoking; it was the transition funds that Mr Hoy and others who are familiar with agriculture would know is the exit strategy here.

I know that in my riding of Durham there is a road called Tobacco Road. They grew tobacco there for years. I don't think there is much left. There may be the odd field left. But most of them have transitioned into soybeans, potatoes, and peanuts, I believe. Some of them have turned to horticultural products—I'll put it that way.

The industry came to us. There were a thousand individuals. In the concluding comments of their presentation, the last time this occurred, when tobacco was a big issue, there were actual suicides. It's a really small sector of the agricultural economy, but those lives, those people, those farmers and those families are shaken by this action without fulfilling another promise. I think prior to the election Mr McGuinty said on the record that he would commit to transition funding, if I'm not mistaken. Is that not right, Mr Barrett?

Mr Barrett: Yes.

Mr O'Toole: Those are the two sections. We know that this time-allocated bill is intended to get us down. We've tried our best with the limited resources the opposition has. I see all the staff from the government side. There are literally hundreds of staff here from the government side.

Interjection: Hundreds?

Mr O'Toole: Well, there are quite a few.

Ms Judy Marsales (Hamilton West): I think that's a bit exaggerated.

Ms Kathleen O. Wynne (Don Valley West): You're seeing in triplicate.

Mr O'Toole: That could be, because of the stress and strain of carrying such a burden that Toby and I have been carrying with these hearings.

I don't want to be obstructive here so I'll just stop at that. There's much more to be said. At the appropriate amendment movement time, we will probably make some further comments.

The Acting Chair: Any other comments or questions?

1550

Mr Prue: Very briefly. At the start of these hearings when the minister was here, I tried to be calm and rational, as I usually try to be, and to say that this was an opportunity for the government to recognize some very serious flaws in the budget. The government members must know because they must be getting the same e-mails, the same letters, the same phone calls, the same kinds of correspondence that we in the opposition get about this budget.

Mostly people are perturbed about two things: the delisted services and the Ontario health premium. Those, I think, were the main topics of the 18 deputations that came before us and the six written submissions. With the exception of the tobacco flue people, that's what everybody was here to talk about.

I've looked at the proposals that are before us. I have looked at the two government motions, which are inconsequential and deal with matters that I have no idea what they are about. Nobody deputed on them. There is no information on them. I'm sure the change of a word on what the Lieutenant Governor can do or what the minister can do is not going to seriously alter this budget.

I've had a chance to look at the 42 official opposition motions, and with the greatest of respect to my colleagues from the Conservative Party, these are 42 of the silliest motions I have ever seen. They are ridiculous beyond belief. They are not going to pass and I'm certainly not going to vote for the silly name changes that are being suggested here. I'm not going to call it the Warren Kinsella act to do something or other because—

Interjection.

Mr Prue: I don't know if Warren is or not, but he's my constituent and I haven't seen his face. This doesn't make much sense.

We have had two days of truncated hearings mandated by the Legislature. It's not this committee's fault. We've had two days in which only 18 deputations could come forward. It was rammed through with a closure motion. The people have not been heard, and those people who have been heard, those people who have deigned to make a deputation, have not been listened to. We may have heard the words, but not one thing they have said is finding its way into changes in the legislation.

I would acknowledge my own infallibility, having put three motions forward that are going to be denied, I am sure.

Interjection.

Mr Prue: Infallibility. As you know, I don't have staff yet but I'm going to get them some day. I tried to write three motions. They're not going to be allowed because I didn't put all the correct sections down of the various acts that were required and there was not time for legislative counsel to research it. I do not blame her at all. They were done this morning as fast as I could do them while I was listening to deputations and asking questions in between.

Having said that, we have done nothing over these two days. I'm sure the PC motions will all be defeated and I'm sure the two government motions, which are of no consequence whatsoever, will be approved. We will not have listened to the people. Nothing will have happened. You will have rammed through an unpopular budget. You will have held a useless—I say that word and I want to underline it, because I'm not going to retract it—post-budget consultation committee hearing that has resolved nothing of the complaints of this province.

Having said that, let's get on with it. I hope to be out of here in 15 minutes because I don't think the motions deserve much more than that.

Mr Colle: First of all, I want to correct the record. The motions we're changing in fact were at the insistence of the NDP. It was a question raised in the House by your deputy leader, and the minister assured her that his intentions were basically to ensure that we could incorporate some generic drugs into the formulary to bring down costs, and that's what we're doing with the amendments. I wanted to correct the record on that.

Mr Prue: It's all in legal language. If that's what it means, I will be supporting those two.

Mr Colle: OK, I just wanted to explain that.

I certainly agree with the member from Beaches-East York about the frivolous and ridiculous motions of change put forth by the PC Party, which has pretended to be so interested in coming forth with changes and improvements, yet they've made a mockery and they're laughing at this. Their motions will certainly prove they don't take this seriously.

I want to say for people's information that Bill 83 is one of a number of budget bills. It deals with very specific parts of the budget. For instance, it deals with changing the Assessment Act. There has been a hue and cry right across this province to fix the incomprehensible mess the previous government made of taxation on the municipal level. We have worked diligently with AMO and the various stakeholders, from city clerks to treasurers, who have had nightmares trying to deal with the most complex property tax system in the whole world, which was forced on municipalities by the previous government. In Bill 83, we have listened to the stakeholders and the municipalities. These amendments are the result of the conversations.

The first and I think most laudable thing that we're doing here is, hopefully, if this bill is passed, that next year there will be a time out, that there won't be assessments taking place, and the cycle for assessments will be changed so that ordinary citizens will not be forced to try to appeal or get reconsideration for assessment in a two-month window. Instead, there hopefully will be a six-month window where people will get due consideration.

We're also continually giving municipalities more options on how to deal with their assessment complexities. Municipalities have said very clearly and emphatically that one size doesn't fit all, that they want some option to fit their local circumstances, whether it be Thunder Bay, Ottawa, a small community like Alexandria, or the city of Toronto.

These changes that we're proposing address those serious concerns they have, as I said, with a property tax system that is beyond comprehension by most ordinary Ontarians. This change in the Assessment Act will help to quell some of the concerns that people have had with this downloaded assessment system that has been very problematic for municipalities, large and small.

Another part of the bill is the Drug Interchangeability and Dispensing Fee Act. As the minister said in the House, his intention was to try to get more generic drugs in the formulary so that we could bring down the costs of one of the greatest price drivers in health care: prescribed

medication. One of the strategies he wants to use is to bring on more generic drugs. That's the intention. In fact, one of the concerns raised in the House was that the minister would have the ability to delist drugs. By the amendments we have before us, we're hoping to clarify that by saying, essentially, that the minister's intention is to bring on generic drugs, not to delist drugs.

We're also making changes to the Financial Administration Act, which are important in the administration of our finances; the Loan and Trust Corporations Act, a clarification there; the Municipal Act is being altered; the Ontario Drug Benefit Act, the Ontario Loan Act, the Retail Sales Tax Act; the Taxpayer Protection Act is being amended. It's ironic that we find the members of the former government talking about how upset they are about amending the Taxpayer Protection Act. In 2002, in the dark of night, they amended the Taxpayer Protection Act. They had no public hearings, no referendum and essentially violated that act. We are trying to change that act so that we can bring about the necessary changes to improve the health care and the education system of Ontarians. It's ironic that they're now so upset by the changes to this act, when they did the same thing in 2002.

We're also amending the Tenant Protection Act so there won't be an automatic increase on rents passed through by landlords.

The Tobacco Tax Act: it's an increase, essentially, in tobacco taxes in order to try and recoup some of the revenues needed to pay for the multi-billion dollars that tobacco costs our health system and the thousands of people that tobacco is killing. We're also trying to send a message, especially to young people, that tobacco does kill, and it is a great cost to them personally and certainly to the health care system.

Those are the main parts of Bill 83. In terms of putting forth the facts, we have inherited a serious challenge here, and I think all fair-minded people agree that the previous government still claims they have no deficit that they handed over. There was approximately a \$5.6-billion deficit that they hid from the people of Ontario. Bill 83 begins to deal with that deficit and proceeding with investing in health care and education, our cities and the people of Ontario.

1600

The Acting Chair: Thank you, Mr Colle. Before we go through section by section, I would like to state my ruling. I rule that the three NDP motions are out of order. The reason is that they do not deal with any specific sections of this bill.

Mr Prue: Just what everybody talked about.

The Acting Chair: With the committee's concurrence, as we go along, would you accept that we deal with section 1 through section 6 together, as there are no amendments?

Mr Colle: Yes, that's fine.

The Acting Chair: Section 1 to section 6—

Mr O'Toole: Recorded vote.

The Acting Chair:—shall they carry? Recorded vote.

Ayes

Colle, Hoy, Marsales, Oraziotti, Peterson, Wynne.

Nays

Barrett, O'Toole, Prue.

The Acting Chair: Sections 1 to 6 are carried.

Section 7: We have a PC motion on section 7. Do you wish to speak to the motion?

Mr Barrett: I'll move the motion on section 7 of the bill.

The Acting Chair: My apologies.

Mr Barrett: I move that subsection 14(3) of the Drug Interchangeability and Dispensing Fee Act, as set out in section 7 of the bill, be amended by striking out "The minister may remove the designation of a product" and substituting "The minister shall not remove the designation of a product".

The Acting Chair: Any comments?

Mr O'Toole: I think Mr Prue and the NDP caucus brought this up in the House, the fact that there was some confusion, and perhaps Mr Prue will speak to it. We would completely concur. That's why we, fortunately, moved this amendment. The reason for it was of course to respect the fact of uncertainty of persons using a defined drug specified by their physician and the arbitrariness of being able to delist and go to generic drugs, when in fact we heard from the presenters that there could be side effects. Specifically, I think it was the Canadian Mental Health Association that said that persons with schizophrenia and others, because some of those drugs have side effects, don't take the medications, and therefore they have even more adverse reactions. There has to be clarity.

Again, the Minister of Health tried to clarify it in the House. It still seems a bit slippery to me, but I do say there is a government motion, the number 2 amendment here, which probably—I don't have a problem with you defeating ours.

But with the limited time I have to make points on this time-allocated bill, there is a dispute, in my view, about whether or not Erik Peters's report was correct. I won't have the time here, but if you'll indulge me for one moment—

Interjection.

Mr O'Toole: —I just want to think that health care is a big priority—

Interjection.

Mr O'Toole: No, I'm just bringing forth a humble, elected local member's perspective, and I am because drugs and health care are probably the most important parts of the whole budget. It is 48% of the budget.

But my key there is that Mr Peters, when he made his report, said, "At this time." These are legal phrases. He qualified that this was not a definitive audited report. He didn't have all the documents. You wouldn't release them. They were secret. We asked for the 70-page

document, the costed Liberal promises, the 231 promises. We asked for them. We begged for them in public sessions, and I'm doing it again today because I like to have Hansard. I'll use it during the next election. But we were denied access to that information. In fact, if we delve into it, it was said by Mr McGuinty that it was a cabinet document, therefore it remained—

The Acting Chair: Mr O'Toole, I would ask you to speak to the amendment.

Mr O'Toole: I'll try to bring it back to the topic, yes.

The Acting Chair: That would be very much appreciated.

Mr O'Toole: I think I've made my point. I think we're working with a go-forward number here. We support Mr Prue and the NDP caucus. This is why we moved it. We're prepared to deal with the government motion. It probably had more legal time spent on it, because you have more money to spend. We have very limited resources now. Actually the NDP got a \$1-million raise, I think.

Mr Prue: As soon as we hire staff in September, we'll make use of it.

Mr O'Toole: Oh, they're starting in September. Oh, gee, no wonder your amendments weren't in order.

The Acting Chair: Any other comments or questions?

Mr Prue: I'd just like to know from the statement there, if you are deferring your motion to the government motion, are you suggesting, then, that I should vote against your motion and with theirs? I'm not sure—

Mr O'Toole: We'll lose anyway.

Mr Prue: I know that, but I want to support the best available motion. Are you saying that you suspect that their motion is better than yours? I really can't see much of a difference.

Mr O'Toole: We shouldn't be debating it. My interpretation, with your indulgence, would be this: The sincerity by which we moved the motion was such to clarify the delisting issue. The government members have all been whipped—I understand that—and they will vote against ours. Respectfully, we're just trying to work in unison here, and the limited resources we had to draft this hasty, time-allocated discussion—the government members have so much staff. You can hardly get in the room for them.

Mr Barrett: Hundreds.

Mr O'Toole: Hundreds. So we'll probably end up—you'll win every vote anyway.

Mr Colle: Who's got the floor here?

Mr O'Toole: Mr Prue gave it up.

The Acting Chair: Mr Prue, yes.

Mr Prue: No, I asked the question, and that was part of the answer. I appreciate why yours is a better one, and I don't know which way to vote.

The Acting Chair: Mr Colle, what we're speaking to is the amendment put forward by the PC caucus.

Mr Colle: I just want to mention that I would encourage people to vote against the PC motion because we've worked with the Ministry of Health in essentially amend-

ing three sections to ensure that our intentions are very clear about the minister's desire to use this for allowing more generic drugs to be used. There are three amendments that deal with this part so it's done comprehensively. That's essentially it. I'd just ask you to look at our three sections. I would say that ours are pretty comprehensive, much more so than the PC motion.

The Acting Chair: Any other questions or comments? If not, I shall call. All those in favour of section 7, as amended?

Mr O'Toole: Recorded vote.

The Acting Chair: Recorded vote.

Mr O'Toole: The amendment first.

The Acting Chair: OK. All those in favour of the motion?

Mr Prue: PC motion number—

The Acting Chair: That being PC motion number 1. I have had a request for a recorded vote.

Ayes

Barrett, O'Toole, Prue.

Nays

Colle, Hoy, Marsales, Oraziotti, Peterson, Wynne.

The Acting Chair: The motion is defeated.
Government motion number 2.

1610

Mr Colle: This is really a follow-up to the previous motion. Again, it's clear that the intention of this is part of a package of government motions to ensure that it's unequivocally clear that the—

The Acting Chair: Are you moving the motion, Mr Colle?

Mr Colle: Yes. I move that subsection 14(3) of the Drug Interchangeability and Dispensing Fee Act, as set out in section 7 of the bill, be struck out and the following substituted:

“Removal of designation:

“(3) Only the Lieutenant Governor in Council may make regulations removing the designation made by the minister under subsection (2) of an interchangeable product.

“Same:

“(3.1) The Lieutenant Governor in Council may, under subsection (3), remove the designation of an interchangeable product even if none of the conditions prescribed under clause (1)(b) are breached, if the Lieutenant Governor in Council considers it advisable in the public interest to do so.”

The Acting Chair: Any questions or comments on the motion?

Mr O'Toole: Yes. I'm kind of being held hostage here in a way. I'm disappointed they didn't support our motion, but I guess the key here is that it's all semantics. They're going to carry this motion. It just says here in the amendment, remove the designation. If you read that,

clearly all it does is let the LG make the regulation, but in fact that regulation would actually come from the ministry or ministry staff. Technically it's a formality.

I think the intention here is still to delist drugs. There's an argument to be made by clinicians, who are better to deal with that. I'm not supporting it. I know they're going to pass it—they're bullying this through—and Mr Prue and I don't want to be on the record as having supported this charade.

Mr Prue: Don't say that, no.

Mr O'Toole: If not, I can say it on my part. This is a charade. These post-budget hearings are a charade. There are a couple of technical things here. I think you've got to really look at the sections I've mentioned earlier, where you actually broke the law. There's no redress at all under section 17, the Taxpayer Protection Act. To support any move that's in violation of the law is just unacceptable for a principled Conservative, and I want to put that on the record.

The Acting Chair: Any other questions or comments?

Mr Prue: I just want to make sure that I speak for myself and not have someone from another party speaking for me. I will support those aspects of the law that I think are good and I will vote against those ones which I do not think are good. In the end, I will probably not support the bill, but if there are amendments that will improve an otherwise bad bill, I intend to vote for them. It's as simple as that.

This seems to be an improvement on what was put before the House. It is in conjunction with what my colleague Marilyn Churley had to say in the House in questioning the minister. We believe it is an improvement. Although the bill is badly flawed, this is one thing that has been done right. Therefore, I will be voting with it.

The Acting Chair: Any other questions or comments?

Mr Colle: Again, just to be clear, we have dealt with this in a comprehensive way with three amendments, to make sure that it's unequivocal that the intention here is to ensure that generic drugs, which are less expensive, can be brought on. We're putting the highest standard as per legislation. It makes it clear that only the Lieutenant Governor in Council, that is, cabinet, may remove the designation of drugs as interchangeable, and it is recognized that only the Lieutenant Governor in Council may remove the designation of a generic drug, even if none of the prescribed conditions are breached. So this is just one part of three parts that I think covers this in a way that gets rid of the ambiguity that was raised in the House.

The Acting Chair: Any other questions or comments? As there are none, I will call the motion.

Mr Colle: Recorded vote.

Ayes

Colle, Hoy, Marsales, Oraziotti, Peterson, Prue, Wynne.

Nays

Barrett, O'Toole.

The Acting Chair: I declare the motion carried.

Shall section 7, as amended, carry?

All those in favour? All those opposed? I declare it carried.

As there are no amendments for sections 8, 9 and 10, would the committee agree to collapse those together and we can deal with them as one? Agreed.

Shall sections 8, 9 and 10 carry?

All those in favour? Opposed? Carried.

Section 11.

Mr O'Toole: I have an amendment to section 11. It's moved by myself, and I'll read it for the record.

Section 11 of the bill (subsection 329.1(2) of the Municipal Act, 2001):

I move that subsection 329.1(2) of the Municipal Act, 2001, as set out in section 11 of the bill, be amended by striking out "unless the Minister of Finance prescribes a later day for that year."

The Acting Chair: Any questions or comments on the motion?

Mr O'Toole: There were some comments made. Ms Mulvale, the mayor of Oakville and the president of AMO, made some very important comments, reasonably accurate comments. I think there has been about a decade of trying to find a workable assessment system. If you recall the advertisements of "The city above Toronto," that was all about having a non-equal assessment base.

In my riding of Durham, Oshawa had an assessment base of about 1938, and other parts of the region had a different assessment base, so the base on which you were calculating one's taxes was never updated. The process for updating it wasn't very reliable.

So in our attempt—after three failed attempts by prior governments, all of whom backed away from it because it was very controversial—we did, admittedly, make a heck of a mess out of portions of those revisions. You were a municipal councillor at the time, I believe. I would say that, yes, we found some problems there.

One of the things she tried to talk about, and this I put on the record probably to explain it to myself, really. But for members who may not be that familiar with it, we found out that when you change the assessment calculations and quantum, or assessment number, the total value of all assessments in a municipality—if you start monkeying around with about seven different property classes, at the end of the day, with all of that assessment, you still have to raise the budget amount, whether it's \$50 million or \$500 million. So if you mess around with the assessment by property class, you're really just shifting where you get your revenue from.

Some of the shifts between classes and within classes were so dramatic, we introduced what are called capping mechanisms. Ms Mulvale covered most of it, but there were always factors—they were called equalization factors—that were used and ratios to make the numbers

work for them. But what it said was you couldn't have my taxes go down on my house 50% in one year because I've been overly assessed and Toby's go up 50% in one year. So we had capping mechanisms introduced to transition us over a period of time.

What you're doing in the main sections here in this is really eliminating these capping mechanisms. Next year my taxes—in fact, my taxes went down. I was paying over \$5,000 and they went down, but I never got the money. What it did tell me was I had been overpaying for 10 years. So that's the deal, and that's a fact. I'd been overpaying for 10 years. See, municipal people here probably understand that. Otherwise, people who had been underpaying, theirs were going up, and so I was going to continue paying while we ratcheted them up, and there was an equalization so that the net result was there was no more revenue change for the municipality within class and between properties. I feel that, in my view, they take the caps off and there will be swings in tax. I guess you'll bite the bullet.

The other part I have a problem with here is the retroactivity nature. I think we have an amendment coming up later on that section. Yes, we do, motion number 5. So that's all I want to say about it. We'll probably lose the motion, but thanks for listening.

1620

The Acting Chair: Any other comments?

Mr Prue: I heard the speech, but I don't understand, if I've got the right motion in front of me, deleting the words "unless the Minister of Finance prescribes a later day for that year," what is the problem with that? That isn't about the tax base or the costs. It's not all tied together. I need to know what your problem is with the minister prescribing a later date before I vote for your motion. If you can give me a rationale, I'll vote for it; if you don't, I don't know what you're trying to say.

Mr O'Toole: Pardon me. I'm not qualified to answer it. I'm not technically trained in that full language, but there are dates for filing your assessment and rates, and what we're trying to do here is set the date.

If I look at subsection (2)—it would probably be helpful if I read the right section. My comments weren't intended to be directed to this. It was the broader issue of assessment that Ms Mulvale spoke to. Really, all it does is try to—

Mr Colle: You're in the wrong section.

Mr O'Toole: No, it's actually in section 11.

Mr Colle: Can you point us to the right section?

Interjection: We're on page 10, the second paragraph from the bottom. The time limit for passing bylaws.

Mr O'Toole: Page 10, yes. I'm not really sure myself. There's a time limit on the bylaw. It says April 30. I think that's the date for filing it. I don't technically know. It is mentioned elsewhere in the bill, actually in the next section under regulations.

Mr Prue: Why do you want to take the ministerial discretion away to change the date? That's what I don't understand. Is there a rationale? Tell me the rationale, and I'll vote for you.

Mr O'Toole: Strike out, "unless the Minister," OK? It gives the minister some ability to—I'm not qualified. I didn't write it.

Mr Prue: I can't vote for it then.

Mr O'Toole: Trevor probably understands it; he wrote it. Trevor Harris, everyone, for the record. Actually, they're John Baird amendments.

Mr Colle: I can clear it up if you want. If I can just explain, it might help you.

Mr O'Toole: Sure, go ahead. I'm happy.

Mr Colle: Again, I agree with the member on this. There is obviously some complexity here. The intention of the act, the way it is, is in essence to give the minister the opportunity to offer more time, just in case the municipality needs it in terms of putting forth a bylaw which brings about some changes in assessment.

So this was something that was in concurrence with the municipalities. They said that in some cases some municipalities may not be able to bring forward a bylaw in time, and the minister can extend and give them more time to bring it forward.

Mr O'Toole: If I may, I'm fully aware. I had a better explanation. It is tied to the issue of retroactivity. This amendment, what it does, it says here "unless the Minister of Finance prescribes a later day for that year." In other words, you don't want the bylaw to retroactively say on May 1, "You failed to file. We're going to make it effective January 1." In other words, go the other way.

Mr Colle: No, that's not it. In some cases, a bylaw would have to come forward from the municipality. The minister would say, "Listen, we'll give you another month so that you can present your bylaw that you want to undertake some change in your assessment processes locally." So it's really the accommodation of the local municipalities that this is there for.

Mr O'Toole: While we're having the discussion, there are about three amendments all to do with this issue. The real issue here is that we're afraid the minister could step in—and you could clarify it, Mr Colle—there could be a municipality say that some property class, a group, say commercial—that you could go back and tax them in prior years.

Interjection: Is that retroactivity?

Mr Colle: No, it's not about retroactivity. It's about our whole new philosophy, which I know you can't understand—it's different from yours—where we've said in our memorandum of understanding with AMO that we are going to sit down and dialogue with municipalities, because they have to deal with the complexity of this legislation.

Not all municipalities can operate on such a time frame. We're willing to accommodate them. The minister is willing to listen. In some cases, it may be basically giving them more time. It's not about changing laws retroactively; it's about giving them more time to undertake a very complex change that they may undergo in their municipalities. It's in essence something they asked for, just in case they needed more time.

Mr O'Toole: Yes, as I said before, I did raise this earlier today, because when reading it, I see "retroactive" and a tax mechanism. So what happens if you have a capping issue and you're uncapping, and the tax is back to 2004? We'd be paying 2004 taxes now, and they could go back further to—say, this capping mechanism now applies to your taxes for this—

Mr Colle: You're mixing up two to three different pieces of legislation. This is a process. This is about the minister giving municipalities more time; that's all it is. It's not about changing different types of capping legislation. It's about the time they may be required to need. They've asked for this.

Mr O'Toole: I'll take your word for it. I just don't want to find out that my taxes for 2003—

Mr Prue: It's part of the record. The municipalities will be given a copy of the record. This is the explanation from the PA.

The Acting Chair: Any other questions or comments on the motion? If not, I will call the motion. All those in favour? Opposed? The motion is defeated.

Mr Colle: I wonder if we could mention the PC motion or Liberal motion, the number of the motion, along with the motion? The top right-hand corner? The number and who it's by?

The Acting Chair: Yes, I will. I would just like to speak to, as well—

Mr O'Toole: But it says "PC." That means they—

Mr Colle: No. Put the number so we know which one it is.

The Acting Chair: I will call the number, which is on the right-hand side of your page.

PC motion number 3: As it was defeated, it is the Chair's opinion that it makes PC motion number 4 redundant, as it's the same intent. Therefore, we will move on to number 5. That's what I'm saying. I would ask that PC motion number 5 be put on the floor, please.

Mr Barrett: Is this page 5 you're referring to?

The Acting Chair: Yes, it is.

Mr Barrett: Section 11 of the bill (subsection 329.1(5)) of the Municipal Act:

I move that subsection 329.1(5) of the Municipal Act, 2001, as set out in section 11 of the bill, be struck out and the following substituted:

"Retroactivity

"(5) A regulation referred to in clause 4(a) in respect of a taxation year shall not be made after April 30 in that year."

The Acting Chair: Any questions or comments on the motion? No questions or comments? I'll call the motion then. All those in favour of the motion on page 5? Opposed? I declare the motion defeated.

Shall section 11 carry? All those in favour? Opposed? I declare it carried.

Sections 12 and 13: I would ask the committee, could we collapse the two together and deal with it as one? Agreed.

Shall sections 12 and 13 carry? All those in favour? Opposed? It's carried.

Section 14: government motion, page 6.

Mr Colle: Subsection 14(1) of the bill (subsection 18(1.3) of the Ontario Drug Benefit Act):

I move that subsection 14(1) of the bill be amended by adding the following subsection to section 18 of the Ontario Drug Benefit Act:

“Removal of designation

“(1.3) Only the Lieutenant Governor in Council may make regulations removing the designation made by the minister under subsection (1.1) of a listed drug product.”

Again, this clarifies that only the Lieutenant Governor in Council may make regulations which remove drugs from the formulary, including drugs which have been added by the minister. So it's part of ensuring enhancement through the introduction of generic drugs, and this further cements that clarity.

1630

The Acting Chair: Any other questions or comments? I'll call the motion. All those in favour? Opposed?

Mr Colle: Recorded vote.

The Acting Chair: The motion is carried. I would ask that you ask for recorded vote prior to the vote. I'd be pleased to bring that forward.

Government motion, page 7.

Mr Colle: Subsection 14(2) of the bill (section 19 of the Ontario Drug Benefit Act):

I move that section 19 of the Ontario Drug Benefit Act, as set out in subsection 14(2) of the bill, be amended by striking out “or to remove such a designation, the Lieutenant Governor in Council or the Minister may consider any matter” and substituting “or to remove such a designation under subsection 18(1.3), the Lieutenant Governor in Council or the Minister, as the case may be, may consider any matter.”

Again, this is a continuation and complements the previous motion just passed.

The Acting Chair: Any other questions or comments on the motion? All those in favour of the motion? Opposed? The motion's carried.

Government motion, page 8.

Mr Colle: Subsection 14(2) of the bill (subsection 20(1) of the Ontario Drug Benefit Act):

I move that subsection 20(1) of the Ontario Drug Benefit Act, as set out in subsection 14(2) of the bill, be struck out and the following substituted:

“Delisting

“(I) The Lieutenant Governor in Council may, under section 18, remove the designation of a listed drug product even if none of the conditions prescribed under clause 18(1)(b.1) are breached, if the Lieutenant Governor in Council considers it advisable in the public interest to do so.”

This amendment makes it clear that only the Lieutenant Governor in Council and not the Minister may remove the designation of a listed drug even if no regulatory conditions are breached, if the Lieutenant Governor in Council considers it to be in the public interest to do so. Again, it's further complementing that clarity.

Mr Prue: Just a question. All that's being removed here is “or the minister”? That's what I see, that's being removed.

Mr Colle: Right.

Mr Prue: So it's the Lieutenant Governor in Council now only.

Mr Colle: Which is the higher level.

Mr Prue: Yes, of course. OK; that's fine.

The Acting Chair: Any other questions or comments?

Mr Colle: Recorded vote.

Ayes

Colle, Hoy, Marsales, Oraziotti, Peterson, Prue, Wynne.

Nays

Barrett, O'Toole.

The Acting Chair: I declare the motion carried.

Shall section 14, as amended, carry? All those in favour? Opposed? Carried.

Section 15.1, motion.

Mr O'Toole: Section 15.1 of the bill:

I move that the bill be amended by adding the following section:

“15.1 Paragraph 26 of subsection 7(1) of the Retail Sales Tax Act is repealed and the following substituted:

“26. Child restraint systems described in the seat belt assemblies regulation”—

The Acting Chair: Excuse me, Mr O'Toole. There is no amendment in section 15. This has been—

Mr O'Toole: This was accepted. This amendment, as I'm reading it, was approved by somebody. But we're adding a section, that's clear.

The Acting Chair: We'll deal with section 15, and then—my apologies—it will be dealt with right after section 15, as it adds another part to the section. It's just technical. I should have dealt with section 15 prior.

Mr O'Toole: Oh, it's a new section, totally?

The Acting Chair: Yes.

Mr O'Toole: Fifteen's a lone act? Sorry about that.

The Acting Chair: Right. So that's why we need to deal with section 15 first.

Right now we will just stand down from section 15 and deal with schedule A. Section 15 enacts schedule A, so we deal with schedule A first.

We're dealing with schedule A. Are there any questions or comments on schedule A? It's at the back of the bill.

Mr Barrett: Is there a government explanation on this?

The Acting Chair: Does the government wish to speak to schedule A?

Mr Colle: It just basically allows for routine borrowing by the government.

Mr O'Toole: It probably increases the limit, does it?

Interjection: Tax and spend and borrow.

The Acting Chair: All right? Any other questions or comments on schedule A?

Shall schedule A carry? All those in favour? Opposed? Carried.

Now section 15: Shall section 15 carry? All those in favour? Opposed? Carried.

Now we'll deal with section 15.1, that being the PC motion. I'm going to call it page 9. How's that?

Mr O'Toole: Just a clarification to the clerk. I did not draft this. I understand what it's trying to do. Why would it not be in section 16, which is dealing with the Retail Sales Tax Act? It doesn't matter to me.

Mr Colle: You've got the wrong number there, I think, haven't you?

Mr O'Toole: I didn't draft it, but I'm saying it's—

Mr Colle: I think it's out of order, Madam Chair.

Mr O'Toole: It refers to a new section. It's a brand new section, and legal counsel probably—

Mr Colle: I think this motion's out of order.

Mr O'Toole: I'll read it for the record.

Mr Colle: Madam Chair, can I have a ruling on that? I think this is out of order.

Mr O'Toole: It's in order. It's already been accepted, but that's fair. I'll just put something on the record here.

Section 15.1 of the bill:

I move that the bill be amended by adding the following section:

“15.1 Paragraph 26 of subsection 7(1) of the Retail Sales Tax Act is repealed and the following substituted:

“26. Child restraint systems described in the seat belt assemblies regulation made under the Highway Traffic Act.”

I think the intention here is to exempt under your highway traffic legislation that's before the House—

Mr Colle: Point of order, Madam Chair.

The Acting Chair: I would like to give a ruling. The motion to amend an amending bill is out of order if it amends a section of the act and the section has not already been opened up in the amending bill. So we shall move on to section 16.

Section 16: Any questions or comments?

Shall section 16 carry? All those in favour? Opposed? Carried.

Section 17: PC motion, page 10.

Mr Barrett: Section 17 of the bill (subsection 2(7) of the Taxpayer Protection Act, 1999):

I move that subsection 2(7) of the Taxpayer Protection Act, 1999, as set out in section 17 of the bill, be amended by striking out “in a bill that receives first reading in 2004” in the portion before paragraph 1 and substituting “in a bill that receives second reading in 2004.”

By way of enlightening the members of the committee, the Taxpayer Protection Act was signed by our Premier on September 11, 2003, an act, or the statement that was signed, that begins with the words, “I, Dalton McGuinty, leader of the Liberal Party of Ontario, promise, if my party is elected as the next government, that I will not raise taxes or implement new taxes without

the explicit consent of Ontario voters, and not run deficits. I promise to abide by the Taxpayer Protection and Balanced Budget Act.”

That was signed September 11, 2003. That's my only comment on this.

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The Acting Chair: Any other questions or comments? Mr Prue, did you have something to add?

Mr Prue: I really have to say this is a little bit of sneaky stuff. If the government thinks the Taxpayer Protection Act is wrong, you should abolish the act. What you're doing is leaving an act in place that you have acknowledged yourself is bad, that even the previous government could not abide by and did not follow. Instead of just saying the legislation is hugely flawed and getting rid of it, you are attempting to go in the back door and put amendments to something that doesn't work. I know time constraints may be a factor here and this may be the only way you can push and ram this bill through without getting rid of the Taxpayer Protection Act, but it would seem to me that to amend an abominable piece of legislation is to do a disservice to what you're trying to do on that side of the House.

The Acting Chair: Any other questions or comments?

Mr Colle: As you know, we are going to be bringing in the fiscal accountability act, which will basically make it impossible in the future for governments like the last government to hide and cook the books to the tune of \$5.6 billion. So we are going to work on that. This is a first step toward bringing about more accountability—

Mr Prue: No, it's not a first step in that at all.

Mr Colle: —and stopping the games that have been played by the previous party in hiding \$5.6 billion. So we have to move ahead here and ensure that we deal with our fiscal challenge and start to reinvest in health care, education and our cities.

Mr O'Toole: We could spend considerable time on this. To simplify this for the government members primarily, the inference that we broke the Taxpayer Protection Act is a moot point technically. We lowered the taxes and then did not deliver. The reason is that we had a number of economic circumstances that prevented us from delivering services. If we had gone ahead with it, we would have had other problems because we were lowering taxes in a time of an economic bump in the road. We did go through with those taxes; they were just delayed. We were under some pressure—in fact, if you look at the history, I agreed with the decision. I was probably one of the ones who said, “Don't do the tax cuts. We still have commitments to make.”

At the end of the day, we did balance the budget. That's not disputable. It does show that the budget was balanced in that year.

Mr Colle: You didn't balance—you sold off assets.

Mr O'Toole: I'll allow you to speak, and I will also respectfully listen when you're speaking.

Mr Colle: I apologize.

Mr O'Toole: My point really is, it's a moot point technically. You say we broke it, and you've said it in the House several times. I think it's not clearly disclosing, under the circumstances I've just described, what we actually did. The motives were justified.

The difference here is quite direct and a little bit more confrontational, I suppose: You broke the law and you lied to the people of Ontario. Pardon me. I apologize and withdraw that word.

The point I'm saying is this: During the election—and I sat on many panels locally, as many of you did. Of course, none of you knew anyway. I think to the best of your ability you were saying what you thought to be true. Then all of a sudden you decide to raise taxes and not balance the budget and do all the stuff. So I don't think you really were part of the game. In most cases, you still aren't part of the game; you're just voting. And I'm not part of the game either. I'm not trying to diminish or demean your roles here. But you actually broke the law. That was the law. Then you had the gall during the election to say, "We won't raise your taxes and we won't lower them either." Do you remember those American ads with Dalton leaning against the telephone pole or whatever it was?

Mr Barrett: The brick wall.

Mr O'Toole: Remember that? Do you remember any of them, the million-dollar American-style ads saying a bold-faced fact that wasn't true?

That is why I'm galled by this one section. I said it earlier, when you broke the law. Mr Prue was correct when he said that it would be one thing if you were going to stand up and put the truth to the people and say, "We're going to rescind the Taxpayer Protection Act and from now on we're going to have four years of deficits and reckless spending." Let the people choose. I think that's a fair question. In fact, federally the same thing is going on, technically.

Later on, Mr Colle, if you've got a bill that comes in and says that there must be an audit before an election of all election promises, I'll support it. And there should be a complete, independent audit of the books prior to the fixed election term date. I'll support it. Do you have that on the record? You can quote me right now. I'm all for that.

Here's the issue, though, gentlemen and ladies. During a fiscal year your expenditures for the most part are known, unless you have SARS, West Nile, BSE or a blackout. Your expenditures, then, are only going to go up. What is variable is your revenue. If your economy goes in the tank, you have a revenue problem. We had both. We had a bit of a revenue drag—the forecasting was a bit aggressive—and we also had an expenditure problem, because we had about \$3 billion worth of unexpected, unplanned-for expenditures. One of them was mentioned in the House today: \$585 million for SARS. Again, for the municipal partners that shared in that, and we agreed we would repatriate the money, you are declining municipalities. You're not going to pay them for their out-of-pocket expenses, and it's about \$100 million.

These are technical things, and you can use the slick language of the Erik Peters report. Erik Peters never, ever said that these were audited documents. He said, "At this time my assessment would be" blah, blah, blah. I'm not an accountant, but I do balance my bank book. If you looked at the final revenue numbers yourself, and if you look at page 70 in your budget, the years you show the revenue coming in are a serious question of integrity. I look under the revenues, page 70, and I show \$4.6 billion CHT all showing up in the year 2004-05. I see an additional \$2.9 billion showing up. That's \$6.5 billion in revenue showing up conveniently in the next year. Then I go down and look at the next one under "Other Non-Tax Revenue" and I see \$4.024 billion. What's that? I look at the footnote; it's got a little star beside it here. The footnote says, "Includes one-time revenue gain of \$3,881 million," which is really getting rid of the NUGs. It's not known revenue because the NUGs are going to be 40 years of revenue supporting this line here.

There is so much treachery in these numbers. I don't think it's deliberate, I'm not an accountant, but I'm saying to you that you are treating the numbers here rather casually, to say the least. Much will be said in the estimates committee, which I have the privilege of being Vice-Chair of. I just recently got the estimates and I've been going through them. I see the reductions in health, culture—it's staggering; there are 15 ministries with reduced spending, and you will never solve the problems.

If you go to the health care debate—I asked a question today—you've committed to 9,000 new procedures for cataracts. Do you know what the demand line is? It's 20,000, not 9,000. Your waiting lists will be longer for hip, knee, cataract, all this stuff. When you get up to answer in the House, you're always saying, "We're going to do nine more procedures." I want to know how much less time my grandmother or my wife has to wait for that procedure, not the number you're doing. That's my rant for today and I'm sticking to it and I'm asking for your support.

The Acting Chair: Any other questions or comments?

Mr Colle: Just briefly, I'm always amazed that to this very day the members of the former government are still denying that they cooked the books, that they left us with a \$5.6-billion deficit. I wish it weren't true but it's the reality we're faced with.

Mr O'Toole: Monte Kwinter knew all about it, Gerry Phillips—anybody who has a brain in their head. Wayne Samuelson said it this morning. He knew about it. You're asleep, Mike.

1650

Mr Colle: They still do not acknowledge that they have cooked the books. This was done right up until we had the financial statements, right up until August. They stated again and again that the books were balanced. We know they weren't.

I find it strange that they talk about the Taxpayer Protection Act when they found fit to amend it, change it,

break it, whatever it was, in 2002. As I said, we're moving beyond that.

The member made a good point, I think, that the public is demanding maybe a more straightforward way of dealing with the books of the province. That's why we introduced Bill 84, the Fiscal Transparency and Accountability Act, which will require that the Provincial Auditor put forward an accounting of the province's fiscal affairs prior to the election whereby the public can see clearly, from an independent third party, where we stand as a province. The Provincial Auditor is required to review the pre-election report to determine whether it is reasonable and to release a statement describing the results of the review.

Maybe out of the fiasco that occurred with the last government will come some good: that never again will government be able to hide an unprecedented budget and campaign on the fact that the books were balanced when they weren't.

The Acting Chair: I will call for the motion. All those in favour? Opposed? The motion is defeated.

We move on to the PC motion on page 11.

Mr Barrett: Section 17 of the bill (subsection 2(7) of the Taxpayer Protection Act, 1999):

I move that subsection 2(7) of the Taxpayer Protection Act, 1999, as set out in section 17 of the bill, be amended by striking out "in a bill that receives first reading in 2004" in the portion before paragraph 1 and substituting "in a bill that receives third reading in 2004."

Just to comment on the Taxpayer Protection Act, which was signed by the leader of the present government, we have a budget, and in presenting the budget I recall Finance Minister Greg Sorbara unapologetically—I think that was his phrase—admitting to abandoning election campaign promises not to increase taxes. This flies in the face of the Taxpayer Protection Act. We know there were well over 230 promises made by the present government during that last election. We now see that a new course has been charted that will see taxes increased and that will see fees increased. Directly linked to that tax-and-spend—those two words do seem to go together with this present government—in spite of the anticipated revenue from these tax increases, as projected, the provincial debt will rise by \$12 billion by the year 2007. That's my only comment on this clause with respect to the Taxpayer Protection Act.

The Acting Chair: Any other questions or comments?

Mr Colle: I'd just like to show for the record that the previous government left this province with an extra \$31-billion added to the debt, another \$31 billion they added. We don't want to talk about the disaster called Ontario Power Generation, Ontario Hydro and another \$21 billion they left on that debt for the taxpayers to pay.

It's ironic: They were going to balance the budget. They were also, remember, going to give everybody a freebie on their mortgages that was going to cost a couple of billion of dollars. Remember, everybody was going to get a rebate on the mortgages they paid. So they were

going to balance the budget, they were going to increase health care and education spending and then everybody was going to get a freebie on their mortgage. It would have been a neat trick to do all of those things, considering they had a \$5.6-billion deficit too.

The Acting Chair: Any other questions or comments? No.

I'll call the motion. All those in favour? Opposed?

The motion is defeated.

PC motion number 12.

Mr Barrett: Section 17 of the bill (subsection 2(7) of the Taxpayer Protection Act, 1999):

I move that subsection 2 (7) of the Taxpayer Protection Act, 1999, as set out in section 17 of the bill, be amended by striking out "in a bill that receives first reading in 2004" in the portion before paragraph 1 and substituting "in a bill that receives royal assent in 2004."

I know this is not part of the Taxpayer Protection Act, but I've personally found that mortgage interest deductibility was very well received at the door. When you're knocking on doors in the afternoon, you are oftentimes chatting with a young woman with children and a mortgage, which would be their predominant expense. I found that very well received. These are people who are contributing to the economy and are certainly contributing to their economy by their purchase—in most of the cases in my riding—of a single dwelling.

Mr Prue: I'm actually going to vote for this one. I'll tell you why. This says that the Taxpayer Protection Act, which is extant now and is the law in Ontario, must be complied with. How this changes it is that this bill has to be passed during the year 2004 and receive royal assent in order to be exempted. The parliamentary assistant said that this the first step and that there is going to be a major bill coming very soon to change the Taxpayer Protection Act, and to make sure that governments cannot hide deficits and all of those things.

Surely, if that is coming down the pipe very soon, this should be in effect only for one year, to allow the government an opportunity—I'll take him at his word—to pass this money bill, which we disagree with, but I know you want to pass it. I don't want this to happen next year. I don't want to see this same thing, you still having a Taxpayer Protection Act and you seeking another amendment to it through the budget act to circumvent the law.

If you need it for this year, I'll vote for this motion and give you that grace to do it, but don't come back next year looking for it again. If you haven't changed the Taxpayer Protection Act and brought in new legislation by that point, then you will be absolutely in violation. You won't have any excuse whatsoever to break the law again, in my view.

I'm going to vote for this motion even though it probably won't pass, because I think it's a sign of good faith. Although my first reading told me not to vote for it, I think it's a sign of good faith that you pass this budget, you put it through, you get royal assent, you get the Lieutenant Governor's signature on it, but it's for this

year only. Don't start looking to do it again next year. So I'm going to vote for it. I'd like a recorded vote, please.

The Acting Chair: Any other questions or comments?

Mr Colle: What I said is that we have introduced a bill that brings more accountability to the process, our intention being that there'll be no other opportunity for future government to, in essence, cook the books. That's Bill 84. We've already done that. What we're doing here, by amending this act, is we're making sure we could proceed with the necessary changes to improve health care and education.

Mr Prue: That's fine, but I don't want to be sitting here at this table nine months from now saying, "We've got a Taxpayer Protection Act that we're going to break again. We did it last year." If you're going to break it again for next year, then change the law before next year.

The Acting Chair: I'll call the motion.

Mr Barrett: Recorded vote.

The Acting Chair: Yes, Mr Prue requested it.

Ayes

Barrett, Prue.

Nays

Colle, Hoy, Marsales, Oraziotti, Peterson, Wynne.

The Acting Chair: The motion is defeated.

Pursuant to the order of the House dated June 10, 2004, I am required to put every question necessary to dispose of all remaining sections of the bill without further debate. Amendments that have not been moved are deemed to have been moved.

Mr Prue: I don't have 5 o'clock yet. Where's the official clock? I have two minutes to 5.

1700

The Acting Chair: Actually, on my watch it's after 5 o'clock.

Motions 13 to 20 are out of order. My ruling is: out of order. The amendments are vague, trifling and are tendered in a spirit of mockery. Therefore, I hold them to be out of order. That is 13 through 20.

Mr Barrett: I assume I can't challenge the Chair on that statement.

The Acting Chair: The ruling is from Erskine May, 23rd edition.

Shall section 17 carry?

All those in favour? Opposed? Carried.

Sections 18 and 19: I shall deal with those together.

Shall sections 18 and 19 carry?

Mr Barrett: Why are we including the Tenant Protection Act with the Tobacco Tax Act?

The Acting Chair: It says there are no amendments. That's the only reason I'm collapsing the two together. It's just dealing with it as a vote. If you would prefer, I can deal with them separately. It's because there are no amendments. I'm dealing with them in the same manner

as I have done previously. That's the only direct correlation.

Shall sections 18 and 19 carry?

Mr Barrett: Recorded vote.

The Acting Chair: A recorded vote has been requested. As I cannot deal with recorded votes at this time, we will postpone, from the orders of the House. We will come back to it later.

We'll move to section 20: PC motions, pages 21 and 22. As Chair, I am ruling them out of order. It is based on standing order 56, as it is in contradiction. Would you like me to read section 56 or is that acceptable?

Mr Barrett: I guess I'll have to take your word on it. I am concerned because almost half the sections in this legislation relate to tobacco.

The Acting Chair: As we are past the time, there is no debate.

So this is received in Hansard, I'm going to go through this.

PC motion, page number 21, subsection 20(1) of the bill, subsection 2(1) of the Tobacco Tax Act: I'm ruling against it based on standing order 56.

Mr Barrett: I understand that it's because it's a money bill.

The Acting Chair: That's right.

Mr Barrett: So the way we have written that motion may have been in error.

The Acting Chair: That's right. That's why it is in violation of standing order 56. I just want to make sure that it is recorded in Hansard.

PC motion, page number 22, subsection 20(1) of the bill, subsection 2(1) of the Tobacco Tax Act: I am ruling it out of order based on standing order 56.

PC motion, page number 23, subsection 20(5) of the bill, subsection 2(2.2) of the Tobacco Tax Act: All those in favour? Opposed? The motion is defeated.

PC motion, page number 24, subsection 20(5) of the bill, subsection 2(2.3) of the Tobacco Tax Act: All those in favour?

Mr Barrett: Recorded vote.

The Acting Chair: We will come back to that, then, as it is past 5.

Sections 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34: All those in favour? Opposed? They are carried.

We're dealing with section 35, and I have a PC motion, page number 25. The motion is on subsection 35(2) of the bill. All those in favour? Opposed. Defeated.

PC motion, page number 26, subsection 35(2) of the bill: All those in favour? Opposed? Defeated.

PC motion, page number 27, subsection 35(2) of the bill: All those in favour? Opposed? Defeated.

PC motion, page number 28, subsection 35(2) of the bill: All those in favour? Opposed? Defeated.

PC motion, page number 29, subsection 35(2) of the bill: All those in favour? Opposed? The motion is defeated.

PC motion, page number 30, subsection 35(2) of the bill: All those in favour? Opposed? The motion is defeated.

PC motion, page number 31, subsection 35(2) of the bill—

Mr Barrett: Recorded vote on this last amendment.

1710

The Acting Chair: As a recorded vote has been requested, I will defer it until the end.

PC motions, page numbers 32 to 44, have been ruled out of order, and the reasons are that the amendments are vague, trifling and are tendered in a spirit of mockery. Therefore, I have ruled them out of order. From Erskine May, 23rd edition.

As there are no amendments, I am calling section 36. Shall section 36 carry? All those in favour? Opposed? Carried.

Shall sections 18 and 19 carry? A recorded vote has been requested.

Mr Prue: Sorry, I missed the number.

The Acting Chair: Sections 18 and 19. A recorded vote has been requested.

Ayes

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

Nays

Barrett.

Mr Prue: I can't even find it that fast.

The Acting Chair: The section carries.

Mr Prue: I found it now, but it's too late. Go ahead. This is democracy. Go ahead.

The Acting Chair: Carried.

PC motion, page number 24: It's dealing with section 20, subsection 20(5) of the bill, subsection 2(2.3) of the Tobacco Tax Act. A recorded vote has been requested on the motion.

Ayes

Barrett.

Nays

Colle, Hoy, Marsales, Orazietti, Peterson, Prue, Wynne.

Mr Barrett: Does that mean people were opposed to that subsection?

The Acting Chair: Yes. We're just dealing with the PC motion.

Mr Barrett: We're voting on amendments?

The Acting Chair: Yes, that's what we're doing.

The motion is defeated.

Shall section 20 carry? All those in favour? Opposed? Carried.

PC motion, page number 31: It's part of section 35, subsection 35(2) of the bill. A recorded vote has been called for on this motion.

Ayes

Barrett.

Nays

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

The Acting Chair: The motion is defeated.

Shall section 35 carry? All those in favour? Opposed? Carried.

Shall the title of the bill carry? All those in favour? Opposed? Carried.

Shall Bill 83, as amended, carry?

Mr Colle: Recorded vote.

The Acting Chair: A recorded vote has been requested.

Ayes

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

Nays

Barrett, Prue.

The Acting Chair: Carried.

Shall I report the bill, as amended, to the House? All those in favour? Opposed? Carried.

Thank you very much. We are adjourned.

The committee adjourned at 1720.

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