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Mercredi 19 janvier 2005

**Standing committee on
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Trevor Day

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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 19 January 2005

Mercredi 19 janvier 2005

The committee met at 0902 in committee room 1.

PRE-BUDGET CONSULTATIONS

TORONTO PARENT NETWORK

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will please come to order. Our first presentation this morning is from the Toronto Parent Network. Please come forward. Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning following that. I'd ask you to identify yourselves for the purposes of Hansard. You may begin.

Ms. Cathy Dandy: Thank you. Good morning. My name is Cathy Dandy. To my left is Cassie Bell. I'm not going to introduce by name the students standing behind me, but they are grade 9 and 10 students in the Toronto District School Board. They've accompanied us this morning because I want you to look at them as I speak. Cassie has graciously allowed me to do the speaking this morning, even though she and the other eight members of the steering committee contributed to this presentation and to all the work that we do on a daily basis to try and advocate for the rebuilding of public education.

I want to open by explaining why I have these grade 9 and 10 teenagers behind us. When I started my work as a public education activist, my son was entering grade 1. He was a little, fresh-faced blond boy with his entire school career ahead of him. Unfortunately, he and his peers standing with him, and all across Ontario at this age level, have spent the last nine years—their entire school careers—bearing witness to the effects of the dismantling of public education in Ontario: older, insufficient numbers of textbooks; crowded classrooms; reduced special education; inadequate music and physical education; drastic loss of ESL; crumbling schools filled with vermin, mould and friable asbestos; loss of family studies, design and tech programs; closed libraries and a curriculum that moves so fast that if they blink, they lose.

Teachers are stretched, administration is overloaded, and don't get me started on the loss of social supports. The kids in this room have watched their peers battle suicide, pregnancy and even the fallout from murder in our local high schools, with no adults to guide them anymore, and all because the government found other

things that were more of a funding priority than these children you're looking at.

Public education in Ontario has suffered at the hands of various governments since the heady days of the Davis Conservatives. With the shift in political rhetoric to fiscal conservatism and the accompanying public mantra of "not enough money," public education and other important social expenditures suffered a steady decrease in funding. While nobody would argue against the effective use of public tax dollars, the underlying assumption that all public expenditure is suspect and wasteful allowed for the wholesale evisceration of public schools in the name of efficiency. No government accomplished this with more brutality than the Conservative government under Mike Harris.

Public education in Ontario is still floundering 15 months after the defeat of this government under the new leadership, but not particularly new approach, of Ernie Eves. The Liberals swept to power with three key messages: rebuild public education, restore health care, and protect the environment. But the education message was the one that the Liberals put most of their energy into, with their education booklet, Excellence for All, taking the number one spot in the list of platform booklets, and Dalton McGuinty rashly claiming he was striving to become the education Premier. McGuinty knew that the work of parents and other education stakeholders in highlighting the decimation of our public schools had found deep public sympathy, and he rode to victory on our message.

With the advent of the new year and the approach of the provincial budget, the Toronto Parent Network decided to take stock of the McGuinty government's progress in rebuilding our children's schools. TPN had shared the hope of all parents in the days following the October 2003 election that real progress would be evident in our kids' schools. Our hopes started to wane early on when the new government started its whining about there being less money than they thought, and talk of Rozanski all but disappeared. Nevertheless, in the interest of being fair and patient, we shelved our concerns and entered into a new relationship with the Ministry of Education.

Over the past year, we have met with Minister Kennedy, talked to his staff on a regular basis, written reports, forwarded e-mails of concern, updated parents on the progress of the ministry, sat on school board

committees, surveyed schools, listened to parents' concerns, and generally spent thousands of hours advocating for the rebuilding of our children's schools. All of this is volunteer work. Our devotion to this task can be attributed to the fundamental belief in a fully funded public education system paid for by the tax dollars of our wealthy province. We have never accepted the lie that we can't afford to educate our ESL students or our special education students or that the system cannot provide all children with equitable access to the resources that will ensure they can learn the mandated curriculum.

The ministry, for its part, was open and communicative. Announcements were made that appeared to demonstrate that the reinvestment in public education was underway. Nevertheless, the first major stumble came in the last provincial budget when a key investment was missed. Minister Sorbara, Minister Kennedy and Premier McGuinty completely forgot the first recommendation of the Rozanski report. This recommendation reads as follows:

"I"—that would be Dr. Rozanski—"recommend that the Ministry of Education update the benchmark costs for all components of the funding formula (the foundation grant, the special purpose grants, and the pupil accommodation grant) to reflect costs through August 2003, and that funding that reflects these updated benchmark costs be phased in over three years, starting in 2003-04, as part of a multi-year funding plan."

That would mean this September is the final year. Unfortunately, that recommendation has not been implemented. It's important to understand this recommendation, because it forms the bedrock of our presentation and our ongoing efforts to prod this government into doing the right thing. This recommendation is important because, without its implementation, all the other recommendations are weakened or even negated. Anyone with even a rudimentary understanding of Rozanski understands this. The bottom line is, unless the government pays the real costs of salaries and benefits and saves boards from ransacking other budget lines to pay teacher costs, money poured into targeted areas may not reach these programs.

I have listed in the presentation a number of quotes from Rozanski which outline why it hinges on this fundamental update and why there's no point in pouring money into ESL, transportation and so on without updating the funding of teachers' salaries. The Liberal government has ignored this primary recommendation and has made sexy announcements designed to garner it good press and has focused on the government's message on literacy and numeracy. The irony of this message is that without the implementation of the Rozanski recommendation, class sizes remain high, libraries remain closed—very bad for literacy—there's reduced access to music and physical education, ESL is a farce, school administration is stretched beyond capacity, and health and safety are seriously compromised. One of the schools these children attend had a large chunk fall down on one of their caretakers.

0910

These are hardly the conditions for improved literacy and numeracy. Surely the minister, the Premier and all of you would understand that hiring lead literacy and numeracy teachers or announcing approval of small-scale investments prompted by Rozanski are not silver bullets that will help kids. It is a complex set of factors, not the least of which is having enough teachers.

Labour costs make up approximately 85% of school board costs and these costs are not properly paid for by the government.

We want to give credit to Minister Kennedy where credit is due. There has been investment in transportation, special ed., facilities, ESL and disadvantaged students. But in the case of Toronto, it's covering the 9% underfunding gap between what the government gives them for teacher salaries and what they actually pay. If this gap were covered, we'd be able to hire 1,000 new teachers. If we were covered by the Rozanski recommendation, it would be 550 teachers, which would be a teacher per school. I can't tell you what our parents would say if they were given another teacher.

Furthermore, this money was targeted to help the Toronto board out of debt and did little to help boards like Halton. I have spoken to many finance officers across the province. They are all battling with this gap, and none of them is getting the patches received by the Toronto board. So MPPs across the province should be in favour of implementing the first recommendation, because it satisfies 100% of the boards, allows each board to assess their true financial situation and radically improves their ability to meet the needs of their students.

Interruption.

Ms. Dandy: There must be something incredibly entertaining at the back door.

I recently—I'm not going to read that part, because really you don't care about my meeting with Kennedy. Suffice it to say he's not happy with us, because we are going to keep pushing this recommendation.

What do you need to know to set the budget for Ontario? You need to know that if the budget does not include money to implement the first Rozanski recommendation, Toronto Parent Network and parents around the province will begin to mobilize for a fight. We are not partisan. We are tired, actually. We don't care whether you're Liberal, Conservative or NDP. We'll work with any government just as long as you put the money in that these children are owed.

Our fight is with those in power who refuse to own up to their responsibility. The money is there. Attached to our recommendation is the latest work by the Canadian Centre for Policy Alternatives, the Ontario Alternative Budget assessment of the financial situation of this government. We do have money.

The Chair: You have about a minute left in your presentation.

Ms. Dandy: I'm just going to conclude by saying that I want you to look at these—first of all, I want to give an example. It would be like saying to you guys, earning

roughly \$84,000, that we as taxpayers are only going to pay \$74,000 of it and you go find the money out of somewhere else. “You go dig it out of your office supplies or your cleaning budget. We’re not paying any more.” That’s the inequity; that’s the injustice of not paying the bills to school boards.

I want you to look at the teenagers behind me and tell them that the budget will contain the money needed to make their final days in the system worthwhile. I want you to tell them that you will finally stop making excuses for why there is no money in this rich province. I want you to tell them that their class sizes will drop, that the textbooks will be there so they don’t fail, that the music will play, that phys. ed. will make them healthy, that bathrooms will be sanitary and, finally, there will be enough adults in the building who can take the time to help them when they stumble and connect them when they go into freefall—and they do go into freefall. After a lifetime in school, tell them that this government will do the right thing and change the funding formula, and give them and all students in Ontario—all students in Ontario—what they deserve right now. If you don’t, many of them have no chance, and it is on your head that I will lay the blame. Toronto Parent Network and parents everywhere will make sure you pay the price for your failure. We’ve done it before and we’ll do it again.

The Chair: This round of questioning will go to the official opposition. You have up to five minutes.

Mr. Jim Flaherty (Whitby–Ajax): Welcome, and I welcome the students here this morning. We do this in rotation. I’m in opposition. I’m not in the government but I’m certainly familiar with a number of the issues that have been raised. I certainly welcome you students here at Queen’s Park this morning.

This is a committee of the Legislative Assembly on finance and economic affairs, so it has representation from the three political parties: from the Liberal Party, which is the governing party in Ontario; the official opposition, the Progressive Conservatives; and the New Democratic Party. That’s why we’re set up this way here. We make recommendations to the government in a report that comes out of the committee hearings about what we think the government ought to do in the budget that will come along in the next few months, the annual budget of Ontario.

With respect to education funding, I’ll raise this issue: The budget last year did increase spending for education. Most of the money would go toward the proposed hard cap on school classroom sizes of 20, starting in JK and going forward, which is a major commitment of this government, in which the Premier describes himself as the education Premier. The major point that you are making, I think, was about the teachers’ compensation and ensuring that the boards are fully funded for teacher compensation.

Ms. Dandy: Right.

Mr. Flaherty: So we have that hard cap issue, and then we have the minister’s letter to the boards, or whoever it was sent to, about 2%, 2% and 3%, or whatever the letter said recently. What is your view or what is the

position of the organization with respect to those particular issues: the hard cap and the cost of that, and Mr. Kennedy’s letter about the 2% proposed increase?

Ms. Dandy: To be honest, in terms of class size, we do believe that class size is a major contributor to students struggling with the curriculum. Having said that, I don’t think we ever asked for a JK-to-3 class cap. What we were looking for was the true average class size to come down. What we’ve seen instead is a few—I think the government is quoting, 1,600 classes came down in size in the JK-to-3 panel. But what we’ve seen, or at least heard anecdotally in the Toronto board, is that from grade 4 to grade 8 and the rest of the elementary, they have been forced to put their class sizes up in order to move some of the teachers down into the JK-to-3 stream.

High school is a disaster. We will be having a press conference at the end of this month focusing on secondary. The class sizes in the core subjects in secondary school are a disaster. These kids are battling an incredibly rigorous, very difficult curriculum, which we could argue the merits of. Just ethically, I think, all curriculums should be reviewed from time to time. Certainly they cannot cope with the kinds of class sizes, so I think this class cap is pretty limited.

In terms of salaries, I think teachers have to be fairly compensated. As I say in my report, in a part I did not read, we have a North American teacher shortage, and the market drives the price. We are having enough trouble hanging on to our teachers.

I think Cassie wanted to say something about class cap.

Ms. Cassie Bell: I was just going to say that it’s all well and good to cap class sizes, but if you’re only paying 80% of the salaries, then you can’t hire the number of teachers you need to cap class sizes and therefore the cap is actually not functioning terribly well. Do you understand what I mean?

Mr. Flaherty: Yes, I do.

Ms. Bell: OK. When the class cap was announced, it became immediately apparent: This whole Rozanski number one benchmark is the hinge. It opens the door to equity and accessibility for all the other Rozanski money to flow. Without it, the system is bleeding.

Ms. Dandy: Pouring it into nothing.

Ms. Bell: It’s bleeding, and that is what stops your vision and the actual planning. Education needs vision and planning and consistent funding. Dr. Rozanski mapped all that out. That is one thing the Conservative government did: They brought Dr. Rozanski in and they did those recommendations. The task force did a good job; they need to be heeded. He needs to be back on the table now.

The Chair: Thank you for your presentation this morning.

REGISTERED NURSES ASSOCIATION OF ONTARIO

The Chair: I would now call on the Registered Nurses Association of Ontario to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Doris Grinspun: Good morning. Thank you for the opportunity to address the committee. My name is Doris Grinspun. I am the executive director of the Registered Nurses Association of Ontario.

I have many important long-term policy issues I wanted to raise with you today. I wanted to talk with you about the impact of budgets on the health of Ontarians. I wanted to speak with you about how that impact isn't limited to what the Ministry of Health spends. I wanted to talk with you about the impact of social spending on the health of our citizens, housing, environmental protection and recreation programs, for example. I wanted to praise this government for its increased commitment to spending on these types of programs over the last fiscal year and to caution the government against reductions to this commitment, because it's very important to the rebuilding process.

0920

I also wanted to speak with you about the importance of not-for-profit delivery in health care and to praise the government for repatriating MRIs and CT scan clinics into the public sector, and about our concern over the potential for increased privatization in home care.

I wanted to talk with you about how important we think accountability is for sustaining medicare and wanted to share with you our excitement and full support for the government's ambitious transformation agenda. The pillars for that transformation are impressive: integrating health care services and planning at the local level; building a comprehensive program of interdisciplinary primary health care with RNs, including NPs, serving the public to their fullest; decreasing wait times; and increasing the focus on healthy living and on determinants of health.

I intended to applaud the government's nursing strategy. I wanted to express how impressed nurses were to have a government that seemed to grasp the critical importance of increasing the number of full-time RN positions and how that improves work environments and helps nurses provide the highest quality of care to the people of this magnificent province. I wanted to cheer the government for its progress toward 8,000 additional full-time nursing positions and for its accomplishments in increasing opportunities for nurses to pursue advanced education and professional development.

I wanted to salute the government's efforts to improve the safety of working environments.

This, in fact, was going to be one of the most positive of our pre-budget presentations. But given the Minister of Health's announcement on Monday, I must turn instead to an issue that I truly believed we would not have to address during the term of this government, an issue that the profession desperately needed a break from: cuts in nursing services.

As the professional body representing registered nurses in Ontario, it is our mandate to spell out to you the

impact of cuts in nursing positions on the profession's morale and on the quality of patient care in Ontario now and in the future.

Let me start with some statistics. Ontario has the third-lowest RN-to-population ratio in all jurisdictions in Canada. In fact, we were proud, and I was going to tell you that we had made improvements from the basement level, until Monday.

Ontario has the second-oldest RN workforce in the country, with an average age of 45.1 years. Recent estimates suggest that we will lose almost 10,000 RNs to retirement by 2006. A very conservative estimate suggests we now have a shortage of 6,000 nurses in our province, and we're not alone. We are facing a world-wide shortage of registered nurses.

Let me remind you of the profound impact of nursing shortages and how these shortages are different from shortages in other professionals such as accountants or skilled workers such as electricians or other groups. All of these people perform important work and contribute greatly to our province, but the research consistently shows the strong, positive impact of RNs on health outcomes and, conversely, the impact of shortages of RNs on health outcomes. This research is described in clinical terms like "failure to rescue," "more adverse events" or "higher readmission rates." However, let me tell you what they mean in real life. They mean that your child's or your mother's health, or perhaps life itself, is at risk. It means unnecessary death and health complications—unnecessary because they happen simply as a result of inadequate access to registered nurses. That's why nursing shortages are different from other shortages. You can cut accountants' positions during an accounting shortage, but people won't die.

That brings me back to the details and impact of the minister's announcement this Monday. In his announcement, the minister said there would be a reduction in nursing. Hospitals would be cutting the equivalent of 757 full-time nurses. Because of the still unacceptably high level of part-time and casual positions, this means that far more than 757 nursing bodies will be affected—many more nurses than that number. We are not comforted by the minister's statement that some of these losses will be absorbed through attrition, early retirement and reductions in sick time, casual employment and overtime.

It is my duty to help you understand nursing and how nurses work. Nurses do not work overtime because they want to stay and have a chat and drink a cup of coffee. Nurses work overtime because there are patients who need their care and because that's the only type of employment opportunity they can achieve. Nurses don't work casual shifts because they wake up each morning and wonder, "Should I earn a living today or not?" They work casual shifts because patients need care and, far too often, that employment relationship is all that is offered to nurses, even today.

At other times, you may have heard me speak about the need to decrease overtime and casual employment for RNs. Indeed, RNAO has often urged government and

employers to decrease overtime and casual employment to ensure quality care for those we serve. But let me be clear: At the same time, we have also said repeatedly that in order to decrease overtime and casualization, you must increase, not decrease, the number of RNs and the proportion of them working full-time. Decreasing overtime, which is what the minister suggested on Monday, while reducing the number of nurses, which is what the minister suggested on Monday, is a fatal mixture, and you won't have the necessary nurses to share the responsibility and privilege of caring for patients.

Providing incentives for nurses to retire means acceleration toward retirement by those 10,000 nurses already expected to retire by 2006. It means the loss of expert nurses who can provide care and mentor the next generation. The loss of jobs through attrition means the current positions are not filled, it means understaffing, it means worsening patient care and it also means that newly graduating nurses eager to serve the public will have an even more difficult time finding work in Ontario. The more we head south of the border, the more expertise will be lost and the bigger the shortage will be. The announcement has sent a message to nurses that has chilled the profession.

For all these reasons, we urge the government to reverse its decision and send an urgent message to the nurses of this province. We urge the government to revisit this issue and come up with a solution that protects both quality patient care and nurses. RNAO will gladly provide any assistance the government needs. We are here to help, we are here to work with you, and we have always offered that assistance.

We have started an ambitious transformation. Let's not deviate from that. Let's keep on track to protect medicare, and for that you need nurses. Thank you.

0930

The Chair: In this rotation, the questioning will go to the NDP.

Ms. Shelley Martel (Nickel Belt): Thank you for being here today. I was at the announcement on Monday, and it was interesting to see the minister try to say that the lost positions were administrative only. It was a good thing that the RNAO and the ONA were there to expose that lie, because the ONA and the RNAO very particularly pointed out that the losses included RNs who work in intensive care, obstetrical care, psychiatric care, cardiac care—absolutely front-line positions. I was glad to see that, and I'm happy that you are here today focusing on this as well.

What, in your estimation, will be the real loss associated with 757 full-time equivalents? You said it's actually going to be higher than that because of part-time casualization in the hospital system.

Ms. Grinspun: Yes, it is our estimate that it will be significantly higher than that. Whether it is through overtime, as the minister said, or attrition is irrelevant. It's hours of patient care and that's the bottom line for patients, as well as the instability that it will further create in the profession.

Ms. Martel: I don't understand why we're in this position. We seem to be in the same position we had under the Conservatives. We had underinvestment in hospitals, we had the government saying, "No more bailouts," we had job losses announced, and then we had a bailout. In this case, half of the money that comes from the \$200 million is going to pay for severance costs, which just means that nurses and others losing their positions aren't going to be replaced, which is going to impact patient care.

At the same time, we got \$825 million more from the federal government this year, we have \$1.2 billion coming in from a new health tax and we have a minister ordering 2,000 positions lost in hospitals, 757 of them to be nurses. What do you think about that?

Ms. Grinspun: I need to tell you that I was absolutely taken by surprise. This is the worst dream coming to reality. I never imagined that under this government I would be sitting here saying how disappointed we are.

Ms. Martel: The other thing is, it seems that the money the government invested in nurses—taxpayers' money—really is going down the drain. The government announced, for example, \$50 million in hospitals, under \$100 million to hire new nurses, as well as money for larger hospitals to hire nurses or bring them to a full equivalent. That \$50 million represents about the 757 nurses who are going to go out the door. What a total waste of taxpayers' dollars.

Ms. Grinspun: That's why—and I said this to the media yesterday—what is happening looks absolutely schizophrenic to me. The message on one hand is, "Come to the profession. We need you." But on the other hand, what new grads are hearing now is, "We have attrition." That's what they understand. The positions will not be open. That's the way they interpret this, and that's why the minister needs to urgently put out a message to either explain what he means or reverse his decision. It's absolutely urgent. Now is the time that students in high school, for example, are looking at whether to enter this magnificent profession. Now is the time that they will be changing their plans unless they hear that Ontario is open for nurses and for them to take this profession.

Ms. Martel: So both in terms of people making a decision to go into nursing in the first place and people who are graduating from nursing who will be coming out in April or May of this year, what message do you think that sends to them? What do you think they're going to do?

Ms. Grinspun: Well, my answer is, please tell the minister—and I did ask his office yesterday—to put a message out urgently, saying, "We are protecting nurses. This was a misunderstanding, a mistake," or whatever. But the message needs to be, "We are not going to cut nursing services."

Ms. Martel: What do the Liberals have to do, Doris, in terms of hospital funding?

Ms. Grinspun: They need to reverse the decision in relation to the 757 nursing positions.

The Chair: Thank you for your presentation this morning.

For the committee, the persons in our 9:30 position have called and advised us that they are going to be late.

CANADIAN TAXPAYERS FEDERATION

The Chair: It's my understanding that our next group, the Canadian Taxpayers Federation, is nearby. Therefore I'll call on the Canadian Taxpayers Federation to please come forward.

Ms. Tasha Kheiriddin: It's a good thing we were here early. We have a report, which will be distributed shortly. Hello, gentlemen and madam.

The Chair: Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questions following that. We appreciate your being able to give your submission somewhat earlier this morning. I would just ask you to identify yourself for the purposes of Hansard. You may begin.

Ms. Kheiriddin: Thank you. My name is Tasha Kheiriddin and I am the Ontario director of the Canadian Taxpayers Federation. For any of you who are unfamiliar with our organization, we are a national taxpayers' rights group representing over 65,000 taxpayers across the country. We have chapters in five different provinces, most recently in Ontario, where we have been operating our office for the past two years.

The report you see before you is a compilation of information we've received from our supporters, as well as supporters of ours who have simply contacted us in regard to what they think they would like to see from the next budget this government is going to put forward. The most important recommendation, if we move to the executive summary that you can see in the first paragraph, is in regard to the provincial health tax. Our organization campaigned long and hard to get taxpayer protection legislation in this province, to get a balanced budget law in place. In the last election, then Liberal leader Dalton McGuinty promised he would not raise taxes, would not run deficits. That covenant with voters was broken most unceremoniously in the budget which was presented May 18, 2004.

Our supporters tell us that their number one priority—if we move to page 3—is clearly to hold the McGuinty government accountable for its pledge not to raise taxes and not to run a deficit. As will be shown in the document that we're presenting, this government would be in a position to reduce, if not repeal, the health tax in the upcoming budget and not raise taxes any further.

If you look at the bottom of page 3, when you examine what the impact of the health tax has been on this province, it's clear that it has essentially reversed income tax cuts for middle-income Ontarians, tax cuts that were in place since 1999. The Ontario health tax is equivalent to increasing the provincial middle income tax rate of 9.15% to 10.6%, which is exactly where it was in 1999. Most disturbingly, as you can see on page 4, this tax adversely impacts low- and middle-income Ontarians to a much greater degree than high-income Ontarians. We've already seen the fallout from the health tax that is

affecting the economy. We've seen this in the government's own outlook which it released this past November, which indicated that sales tax revenues and consumption tax revenues for liquor and gaming are lower. These all indicate that consumers are spending less money and—this is not rocket science—they have less money to spend because of this tax.

In addition to that, the RBC Financial Group issued a provincial outlook in October which indicated that the health care levy, together with other measures of restraint, are in effect impacting consumer confidence. Once consumer confidence is impacted, job growth is the next thing to decline. As people spend less, there is less demand for products and services and fewer people are hired. If you look at job growth in Ontario, it's also not as robust as the previous year. You can see the declining figures at the bottom of page 4.

When we look at the record of the previous government, the strongest employment growth occurred during the years of substantial tax cuts. Again, the health tax is not only nefarious for taxpayers themselves, it also impacts employers. We've seen lawsuits launched by public sector unions against the government. Private sector employers also may fear that, if they have unionized employees, they may call on them to pay this tax. The tax is hurtful at so many levels and therefore we believe it should be cut this year, with a view to scrapping it completely in 2006-07.

As we will show later in our presentation, if the government implemented cost savings in the area of health—without reducing services, I might add; there is a way to do that—together with the additional funding that it is receiving from the federal government, it would be in a position to cut the health tax by two thirds in the upcoming budget.

The second item I want to address is an issue of tax fairness. This proposition is revenue-neutral. It would, however, make the tax burden more equitable for upper-income Ontarians because, as you may know, Ontario has the sixth-highest marginal tax rate in the country. We currently have two high-income surtaxes. This is an unnecessary situation. As we show in our table at page 6, there should be two new thresholds for income created, which would eliminate the necessity of a surtax and would be more equitable in terms of the acceleration of the tax rate as your income rises. We propose that there be a new threshold for income between \$61,000 and \$72,000, with a tax rate of 13.4%, and a new top threshold created for income greater than \$72,000, with a tax rate of 17.42%. These changes would reflect the real rates that taxpayers pay and would provide greater transparency to the system.

0940

Our third point is, stop running deficits. Again, this goes back to the pledge that Premier McGuinty made when he was campaigning in 2003. At page 7, we show what Ontario's debt-to-GDP ratio is. It has gone down. It went down significantly under the previous government, but as you can tell, the current government is on its way

to increasing the provincial debt by \$12 billion. That not only represents debt but represents interest payments of \$4.4 billion over the next few years, until the government's up for re-election. This is \$4.4 billion that could much be better spent on health services, education services or other services Ontarians hold dear. But instead, the government is cutting programs such as eye care, chiropractic care and physiotherapy while taxing people more.

The Premier also repealed the Balanced Budget Act, which we think was another travesty to taxpayers, replacing it with the Fiscal Transparency and Accountability Act, which really offers neither. The new act allows the finance minister to essentially present excuses instead of a balanced budget, and it is completely unacceptable in its current form that was assented to before the Christmas break.

If we look at the chart on page 8, perhaps the most shocking revelation is that the current government is spending money at the same level that the NDP did under Bob Rae in the early 1990s. We know where that got us: \$66 billion added to the public debt.

Interjection.

Ms. Kheiriddin: I see you laughing, Ms. Martel. But the truth is—

Interjections.

The Chair: Order.

Ms. Kheiriddin:—when we look at the table, you can clearly see that the average Liberal spending right now is at \$6,370 per capita. That's adjusted for inflation. Adjusted for inflation, Bob Rae's government spent an average of \$6,380 per capita. The Tories, however, while they did cut at the beginning of their mandate, did not do much better toward the end and spending did ramp up under Ernie Eves to levels close to the Rae government.

So how did the previous government balance the books? Essentially, they saw tax revenues rise even though there were cuts to tax rates. You see, at page 9, very clearly—we made this point last year as well—there was an average of 36% in reduction of personal income taxes, which produced a 15% increase in personal income tax revenues and a 37% increase in the province's source revenues under the Conservatives during the major years of tax cutting between 1999 and 2002.

So what we're looking at here is a recipe that this government just does not seem to want to follow. While the revenues will go up this year because of the health tax and because of other taxes, as we've shown, those taxes will adversely impact the economy and will not result in as much revenue growth as would have occurred otherwise.

To further illustrate how spending is out of control, it's really interesting to see how much the revenues would have gone up without the health tax. They would have grown by 6.8%. That's higher than the rate of inflation, higher than the rate of population growth. In essence, this government is getting a raise and spending it twice. It's taking in money, and yet it's deciding to spend even more than that. This, again, is unacceptable.

How do we get to a balanced budget? How do we manage to reduce the health tax? This is where we go from here. Our first element, at page 10, is that we say the government has to spend smarter. Here, contrary to what is said by this government so often, there is room for reduction in spending—not in services, but in spending—in health care and education, which, as you can see at page 11, are the largest budget envelopes the government has to deal with. Interestingly, the third-largest is debt servicing, which, of course, gives Ontarians nothing.

The Chair: You have about a minute left in your presentation.

Ms. Kheiriddin: One minute? OK. Well, these are the most important points. I will touch on the others.

If you look at the example of British Columbia, which managed to reduce its expenses in health care by 4.5%—this is at the bottom of page 11. If there's one point we make today, this is extremely important, because if this government were to follow the example of the Liberal government in BC, Ontario would be able to save an approximate \$1.4 billion in the area of health care. That is simply by outsourcing contracts for things such as food preparation, security and other services in hospitals that the BC Liberal government decided to do. If you added the \$1.4 billion to the additional money pledged by the federal government of \$824 million, you could cut the health tax by two thirds this year alone and not impact services.

In the area of education, we recommend the government look at school board expenses, which rose by half a billion dollars this year. We'd like to see what benefit that has to children. Could this money not be better spent on programs, for example, such as physical education, literacy or math, or not spent at all, if it indeed it's not necessary?

We also go into detail about how to reform the public service, and we present three scenarios for reducing it. That's at pages 13 and 14. We know the government is already looking at that. We encourage them to look at it further, and also at rebalancing the public and private sector. Here again, I'll just make the point in the area of health care because I know I don't have a lot of time.

This government's ideological blindness and refusal to consider more private involvement in the area of health care is unacceptable. The government is delisting services, forcing hospitals into a position where they have to lay off nurses, buying back private MRI clinics with public money—the list goes on—instead of looking at innovations such as Alberta and Quebec are doing. I must say that the opposition has been silent on this too, in calling for a parallel private health care system, because that's what we're saying. Not an American system, but a system that's in place in countries around the world, like Sweden, France, Germany, Britain—the list goes on.

The Chair: Thank you. We should move to questioning now.

Ms. Kheiriddin: That's fine. If I could make one last point: If you want to look at our points on reform of the

property tax system and corporate welfare at the end of our document, I'd be most grateful as well. I'm open for questions.

The Chair: This round of questioning will go to the government.

Mr. Mike Colle (Eglinton–Lawrence): On behalf of the committee, we do appreciate the detailed presentation. I think there is obviously a lot of work that's gone into this. We may disagree with some of the conclusions, but we do appreciate the input.

There's one thing that caught my eye. I have a bit of an interest in property tax assessment. I'm just wondering, the Canadian Taxpayers Federation is proposing a unit value system for assessment?

Ms. Kheiriddin: Yes.

Mr. Colle: I remember we looked at that when we were doing market value, current value assessment for Toronto. The impact studies that were done showed a massive tax increase for the 905 and suburban areas, to the benefit of the older, established downtown core areas of Toronto if you did that, given the fact that in Jim Flaherty's riding, for instance, you've generally got bigger lots and bigger homes, as opposed to, let's say, typical houses you might have in Cabbagetown in Toronto, where you have 18-foot lots with 1,200-square-foot homes. Have you found some other impact analysis in recent years that demonstrates that there isn't going to be this massive tax increase shifted into the 905?

Ms. Kheiriddin: It's interesting, because we're assuming that the unit-based assessment would be the same province-wide, as opposed to per jurisdiction or per municipality. The problem we have seen and that other groups have mentioned as well is that within jurisdictions—I'll give you an example of the area of Muskoka, north of Toronto. You have property values which are rising disproportionately in areas of the same municipality, and lakefront property in particular. The increase has been astronomical, whereas in the town it has not.

What we are proposing—and we will be presenting a more detailed proposal on this in the coming months—is a system based dually on the Israeli system, which is the Ancona system, where they do unit-based taxation—and there are studies there that have demonstrated the benefits of this—as well as a tax cap, such as was implemented in California. Without going into more detail than that, in terms of a specific study in Ontario, I can't provide you with that right now. But suffice it to say that we've heard from enough people that the current system is not working and there has to be re-evaluation.

It would not necessarily, as we're seeing it, extend the burden to the 905. What you might see in Toronto would be that properties in Scarborough and properties in Rosedale that occupy the same square footage and are the same type would be taxed at the same level, despite the fact that one is in Scarborough and one is in Rosedale. Currently, you would say that the Scarborough property is in perhaps not as valuable a neighbourhood in terms of sale value, but we say that it should be unit-based because the services everyone receives for that type of property are the same.

Mr. Colle: We've looked at all kinds of alternatives and, again, I just don't see how you can get around the fact that suburban 905 homes, and even in suburban parts of Toronto, the homes are larger and the lots are larger. That's a given fact. If you do the impact analysis, you're going to see 80% to 90% tax increases in Whitby, Ajax, Oshawa and Peterborough because they've got bigger lots and they've got more square footage than—

Ms. Kheiriddin: Whitby's not Toronto. Whitby could set its own unit assessment. We're not saying that units in Toronto and units in Whitby would be assessed the same way; we're saying all units in Whitby would be assessed the same way. This is the difference. Each municipality is free to set their unit assessment in terms of the services they render. But like I said, we will be issuing a more detailed proposal on this.

0950

Mr. Colle: It's quite an interesting position, anyway.

The other thing is, I noticed that you're still advocating privatization of health care.

Ms. Kheiriddin: Yes.

Mr. Colle: In the United States, where you might say they have one of the purest forms of private health care delivery, there are 45 million Americans with no health care. They spend a greater part of GDP on health care than we do in our public system in Canada. How can you be advocating our moving toward that when it's an obvious failure in the United States of America?

Ms. Kheiriddin: We're not. You weren't listening to me.

Mr. Colle: They're paying more and getting less.

Ms. Kheiriddin: We've never said we want an American system. Look at Sweden. Sweden charges user fees, has a parallel private and public health care system and they don't have the waiting lists that we do. Go to Germany—same thing.

We don't like the American model that leaves people out. That's not what we're saying at all. We're simply saying that there's room for a parallel private system that countries all over the world have. Canada is in the minority on this. We force people—your own Minister of Consumer and Business Services, I believe, had to wait six months for a hip replacement. It's a travesty that in Ontario you see ads in newspapers advertising for people to go out of the country, to Germany and to India—I've seen those ads saying, "We can offer you health services. Come here and stay in our hospitals." Does that not make you a little ashamed?

Mr. Colle: The only thing is, I wonder how you could use Sweden as a model—

The Chair: Thank you, Mr. Colle. Our time has expired. Thank you for your presentation before the committee this morning.

Mr. Toby Barrett (Haldimand–Norfolk–Brant): On a point of order, Mr. Chair: I wish to present a motion. Given today's release by the TD Bank blaming debt and taxes for 15 years of take-home pay flat-line—

The Chair: Could you move the motion, please?

Mr. Barrett: This was a report authored by TD's chief economist, Don Drummond. I can show it to you, rather than talking about it.

The Chair: Read the motion.

Interjections.

The Chair: Order. Just read the motion.

Mr. Barrett: A finding substantiated by the work of the Canadian Taxpayers Federation.

I move that the government of Ontario:

(1) eliminate the provincial health tax and hold the line on other taxes;

(2) improve tax fairness;

(3) stop running deficits;

(4) not increase spending until it completes a review of departmental spending;

(5) re-examine salaries paid to the public service, as well as the number of employees currently on the government payroll; and

(6) rebalance the roles of the public and private sector.

Thank you, Chair. I understand we will—

The Chair: It'll be discussed at report-writing time.

Mr. Colle: On a point of order, Mr. Chair: This is an intriguing question. I'd like research to find out why, after eight years in government, the previous Conservative government, which adhered to the Canadian Taxpayers Federation's basic philosophy of tax cuts, increased take-home pay etc., didn't make a dent or improve the take-home pay of Ontarians during the eight years they were in office. I'd like research to give us a response to that, if possible. It's really intriguing.

The Chair: If you'd put that in writing for research, it would be appreciated.

Interjections.

The Chair: Order, please.

GREATER TORONTO HOTEL ASSOCIATION

The Chair: I would call on the Greater Toronto Hotel Association to come forward, please.

Ms. Michelle Saunders: Good morning, Mr. Chair and members of the committee.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning. I would ask you to state your name for the purposes of our recording Hansard.

Ms. Saunders: My name is Michelle Saunders. I'm here today on behalf of Rod Seiling, the president of the Greater Toronto Hotel Association. Mr. Seiling is unfortunately out of the country today and asked me to present his recommendations and submission to you.

The Greater Toronto Hotel Association's members own and operate approximately 155 hotels with 35,000 hotel rooms in the GTA and employ approximately 32,000 people. This economic activity contributes about \$1.6 billion in GDP annually and generates approximately \$579 million annually in tax revenues for the government.

On behalf of the GTHA, I want to take this opportunity to congratulate the government on a number of

initiatives it has undertaken or has announced it will be studying, with a view to implementing new public policy. We'd like to congratulate the government on its definitive plan to eliminate the capital tax, the PST exemption on the destination marketing fee and the rate freeze on WSIB rates for 2005 for the hospitality sector. We also want to take the opportunity to recognize the government on the changes to tax treatment for our important film industry and the recently announced review of the beverage alcohol system, both of which will have a great impact on the tourism industry.

Before moving into specifics of our industry, one might ask the question, why should government have a vested interest in the tourism industry? The answer is simple: It is good business. Tourism is one of the few industries where the government earns a positive return on its dollar investment. At a macro level, 30 cents out of every tourism dollar goes directly back to the government in the form of direct taxes. The provincial share is 13 cents out of every tourism dollar.

I'm pleased to report that the industry's economic renewal is well underway. But we are not where we need to be, especially as it relates to return on investment. As you are aware, it is vital that this missing component join the parade, for without it the investment function in our business may not be sufficient to ensure that we remain functionally competitive.

Our economic renewal has been fuelled thanks to assistance from the government's tourism recovery program and the industry's ingenuity and initiative via the destination marketing fee. The DMF is a 3% fee added to a guest's charge for a sleeping room, with the proceeds dedicated 100% to the marketing and selling of that destination.

From a hard numbers perspective, the news is positive. Job creation is happening once again and government tax revenues are up. Toronto was just named the second-best meeting location in North America and one of the top 10 places in the world to shop. These positive results, including new and better awareness and more customers, are all being generated by our combined marketing efforts.

Visitors to Toronto are projected to be up 6.7% in 2004 to 17.8 million. From a hotel perspective, occupancy for 2004 was almost 70%. This is up over 9% over 2003 and just slightly ahead of 2002. Employee-wise, all 32,000 jobs have returned to the hotel sector in Toronto, a dramatic increase from having one third laid off and another one third on reduced hours.

DMF, in one short year, has become best practice in terms of a funding mechanism for destination marketing since it was implemented January 1, 2004. Ottawa and Kingston have already implemented their own DMF, and cities like London, North Bay and Kitchener are closely looking at doing the same. Our current projection, with December 2004 numbers yet to come, is that the DMF will generate about \$24 million in revenues for Tourism Toronto. These new funds by no means make Tourism Toronto rich. What they do is position the organization in

the mid range as it relates to resources available for marketing a destination the size of the GTA.

These funds are used to partner with the government's own programs administered through the Ontario Tourism Marketing Partnership Corp., the OTMPC, and its tourism revitalization program. It is this leveraging component that is helping provide the government its \$8.40 return on every dollar it invests in the tourism revitalization program. These funds are now responsible for Toronto to be able to access its fair share of the federal government's Canadian Tourism Commission program. Previously, Toronto, and by extension Ontario, was excluded from participating in many federal tourism marketing initiatives, as funding was non-existent. Thus, these funds were diverted to other provinces. This resulted in a worsening in our competitive positioning.

In past years, this presentation would have led off requesting that government provide our industry with the means to become competitive via a legislated room tax. On the contrary, the DMF model has proven so successful that we recommend the government do everything it can to ensure its viability.

Equally important in the marketing of tourism in the province is the Ontario Tourism Marketing Partnership Corp., established by the province as a public-private sector partnership with a base funding of \$34 million. It leverages its funds with those of the private sector and the Canadian Tourism Commission to create productive marketing and sales initiatives. Based on the tourism revitalization program, the return on investment is substantial, running into the hundreds of millions of dollars for government.

The GTHA recommends that the government ensure the continuation of private sector destination marketing fees, continue to support the tourism revitalization program targeted specifically to US initiatives, and continue base funding for the Ontario Tourism Marketing Partnership Corp.

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The government, in its 2004 budget, announced a one-year PST exemption on destination marketing fees. The GTHA has advocated that independent tax advice had provided input suggesting that the tax policy of including the destination marketing fee as PST-taxable was wrong, as it is neither a good nor a service. Further, we have suggested that, from a business perspective, the government would earn more by allowing this money to be reinvested in the marketing of the destination. With respect to the latter, we are pleased to report that numbers confirm the suggestion of return on investment. The DMF will raise approximately \$24 million in 2004. Operating on a basis of a full year, the PST on that amount is simply \$1.2 million. Based on the TRP study, given that all of these funds were reinvested in tourism marketing, they generated over \$10 million in new direct revenues. The total economic impact, including direct, indirect and induced, is more than \$23 million.

As the numbers clearly indicate, from an incremental taxes-earned perspective, the government clearly has a

positive return on investment, not to mention the new jobs that will accompany the incremental economic activity. The GTHA recommends that the government make permanent the PST exemption on destination marketing fees.

Property tax rates for business and the city's caps and clawbacks policy result in Toronto having the dubious distinction of having the highest property tax rates on business in Canada, and second to Chicago in North America. From a numerical perspective, commercial taxpayers in Toronto comprise only 19% of the assessment base but pay 43% of the taxes. Residential properties comprise 79% of the taxable assessment base but account for only 49% of property taxes collected by the city. The net effect is to put hotel property taxes in Toronto at record highs, to the point that they are the topic of the day every time hotel investors meet, no matter the location of that meeting. This is not the topic we need for their discussions. We want them talking about the investment-friendly scenario in Toronto and Ontario.

The city of Toronto has already announced that it will once again ask the province to lift the hard cap of Bill 140. There was, we suggest, good public policy in Bill 140, in that it froze any property tax rate increase for a property tax class that was outside the established bands of fairness. Needless to say, the commercial and industrial tax rates in the city far exceed those sets bands, and the city has shown no inclination to address the problem, despite the fact that they are affecting investment and location decisions.

Another area of concern relates to business education tax. The BET, formerly controlled by local school boards, was taken over by the province as part of the local government reforms in the late 1990s. The former government did not move to a uniform, province-wide rate for business as it did for residents. Rather, the former government instituted, rightly, a \$500-million tax cut program whereby the business education tax rates in those municipalities above the provincial average, like Toronto, would be reduced to the provincial average over an eight-year period. The rates were frozen in those municipalities below the provincial average. The current cuts are completed as of January 1 of this year.

The GTHA recommends that the government maintain the hard caps of Bill 140, legislate measures forcing municipalities to bring property tax rates into the bands of fairness within identified time frames, develop a capping exit strategy and move to a province-wide business education tax rate. In this ongoing exercise, we want to remind the government that there are industries like the tourism industry that it can invest in and earn a return. The return is new jobs, new investment and incremental tax revenues.

Ladies and gentlemen, thank you for your time.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Flaherty: Thank you, Ms. Saunders, for stepping in today and making the presentation on behalf of the

Greater Toronto Hotel Association. Yesterday, we heard a presentation from Mr. Mundell's group.

Mr. Colle: The hotel and restaurant association.

Mr. Flaherty: Yes. They also raised the issue of destination marketing fees. I'm wondering if you could help us with the difference between what Mr. Mundell's group is proposing and what you're proposing.

Ms. Saunders: Certainly, Mr. Flaherty. Thank you. I'm actually with the Ontario Restaurant, Hotel and Motel Association, and Mr. Seiling, as president of the GTHA, is on our board. The two positions actually are very similar, but there is some misunderstanding because of some perception that the GTHA's position has changed over the years.

To clarify that, what the GTHA had previously requested of the government was a legislated model for the destination marketing fees, with the fees going directly toward destination marketing. The government turned down the request for legislation, and the industry went out on its own and implemented destination marketing fees as a voluntary measure.

The fact that Mr. Seiling is no longer requesting legislation is not necessarily a change in his end goal. The two associations are actually very close in that they want the destination marketing fees to be voluntary, to be industry-led. A destination marketing fee would be specifically pointed out on the bill so the customer is very aware of what they are paying for. Those fees would then be put back into, for example, a local convention bureau or business improvement area. They would be used to support specifically and exclusively destination marketing for that business area. So the two associations are very similar. I think the confusion lies in what the GTHA had previously requested.

Mr. Flaherty: I don't know whether you can help me with this. What's the current position of the two organizations on this hotel room tax proposal that comes up from time to time?

Ms. Saunders: It does come up from time to time. I can tell you the two associations are on the same page. We feel that a voluntary, industry-led initiative on the destination marketing fee is the right solution. It benefits both the tourism industry and the provincial revenues. It has the best return on investment. We are fundamentally opposed to municipal requests to levy a hotel room tax where the money would simply flow back into municipal operating dollars. We are simply opposed to that. We think it is a better investment for the government and for the tourism industry for those monies to flow into destination marketing efforts.

Mr. Flaherty: How are the occupancy rates in Toronto?

Ms. Saunders: Occupancy rates in Toronto are up. Across the province, obviously they're up over 2003. It's a pretty low benchmark to meet. They're not exactly where we would like to see them; there is still a lot of room for improvement. But in Toronto they're up above the rest of the province.

The Chair: Thank you for your presentation.

I would ask if the Ontario Long Term Care Association is present. No.

CANADIAN NATIONAL INSTITUTE FOR THE BLIND

The Chair: The Canadian National Institute for the Blind? Very good, sir. If you would be able to give your presentation now, the committee would appreciate it. We'll give you a moment to get organized.

Mr. Bill Laidlaw: I just got in from Burlington. It took me three and a half hours.

Interjection.

Mr. Laidlaw: Yes, it is, actually. You can listen to the news three or four times.

Interjection: You're all caught up.

Mr. Laidlaw: I'm all caught up, yes.

The Chair: We appreciate your being able to accommodate the committee early for your presentation. You have 10 minutes for your presentation. There may be up to five minutes of questions following that. I would ask you to identify yourself for the purposes of our electronic Hansard.

Mr. Laidlaw: My name is Bill Laidlaw and I'm the manager of government relations for the Canadian National Institute for the Blind. Looking around here, I see some people I have met in previous lives, so good morning.

On behalf of the CNIB, we would like to express our appreciation to the standing committee for this opportunity to participate in the pre-budget consultation. During 2004, the CNIB engaged in discussions with the province on a number of issues of significance to the public. These discussions have been constructive, and I would like to take this opportunity to compliment the many ministers and government staff who have demonstrated their interest and acted in support of the CNIB and our programs.

The many issues we discussed with the province all have direct implications to public policy. A number involve services and programs that either receive public funding or would be in the public interest to be funded. Today, we wish to bring to the committee's attention those items where public dollars are part of the discussion. We believe the recommendations we bring forward today will make a significant contribution in benefit to all Ontarians.

I will get you copies of our written submission. My colleague is probably still stuck in traffic. For the sake of brevity, let me go to the three budget points.

Number one, children's early intervention services: Since 2001, CNIB early intervention services have helped visually impaired preschool children acquire the special skills they need to prosper in school and life. Through the CNIB, early intervention professionals with expertise in the developmental needs of children provide an array of services. Infant stimulation and tactile coaching helps small children acquire skills that sighted kids learn through observation. Preschool children get special

assistance with Braille training and listening skills to attain school readiness. Parents receive counselling and training on how to interact with their visually impaired children, interpret their child's behaviour and advocate for their needs.

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Helping all children achieve their full potential in their early years is a priority for all Ontarians. The CNIB is committed to ensuring that children with visual disabilities receive the support they need to achieve their full potential. Early intervention services provide the framework these kids need to acquire the skills necessary for a happy, healthy start.

We have developed a pilot program, made possible through termed operating grants from the Early Years challenge fund and the Trillium Foundation and matched by private donations. These grants expired in 2003. The province should be very proud of its previous investment in support of this critical program.

From the time of its launch, support of early intervention services from parents, educators and the visually impaired community has been excellent. This can be attributed to the overwhelmingly positive impact upon the children and families that have used these services. The program fulfills a real need not replicated by other agencies.

During 2004, the CNIB launched children's services as a permanent program at 10 service centres across Ontario.

We call upon the province to renew its support of children's services and take the needed action to protect the rights of blind and visually impaired newborns and preschoolers.

To this end, the CNIB has submitted a proposal to the Ministry of Children and Youth Services requesting that the government provide permanent annual base funding for the program. The request is for approximately \$600,000. With this funding, we'll be able to expand the program into every region in Ontario. Every dollar will be used directly to hire additional service staff to provide appropriate levels of service to this vulnerable group.

The next area is intervention services for persons who are deaf-blind.

Within Ontario, the CNIB is the principal organization delivering support to people who have become deaf-blind through the onset of visual or hearing impairments attributed to Usher syndrome, trauma, neurological changes or aging.

A typical CNIB deaf-blind client is a working-age adult, a parent or grandparent, who requires the services of an intervener to perform specific tasks. Achieving independence can be difficult for deaf-blind persons, but much can be done to ensure that they lead the full participatory lives they are capable of and deserve. When you communicate with someone who is deaf-blind, you do so by touching their fingers. It's quite something to see.

Intervention is the core of CNIB's deaf-blind services and represents our greatest funding challenge. An intervener is a trained professional using a variety of

specialized communication techniques to help people who are deaf-blind interact with and interpret the world around them. For people who live in a world without sight and sound, interveners are indispensable. For most deaf-blind persons, interveners represent the primary means of contact with their environment. Without them, deaf-blind individuals are at risk of living a life of isolation and dependence.

CNIB's deaf-blind services are funded by the Ministry of Community and Social Services. Our long-standing partnership with the ministry as a service provider has sustained this critical program for over a decade. However, until 2004 there had been no substantial review of the program. During this period, CNIB's ability to maintain appropriate levels of service for all deaf-blind clients within funding envelopes has declined. The frequency of service has declined to critical levels for most clients, and waiting lists have grown. We're currently unable to accept new clients, leaving many consumers with limited options.

In 2004, CNIB worked closely with the ministry to review the delivery of deaf-blind services. These discussions have been constructive and led to two progressive outcomes.

First, CNIB participated in a third-party review of intervention and interpreter services conducted by the ministry. The conclusion from this review, we understand, will be available this week.

Secondly, at the request of the ministry, CNIB tabled a proposal for enhancement of annual base funding for this service to restore service levels to minimum standards, or an average of three hours of intervention per week per client. Our submission requests an enhancement of \$650,000 to existing base funding.

Lastly, CNIB Toronto Service Centre: Since 1956, CNIB's BakerWood facility at 1929 Bayview Avenue in Toronto, where I'm located, has been the headquarters of the CNIB. It has served the organization well. It was an aging structure and it had high maintenance costs and poor utility. It was destroyed in 2002. The CNIB sold 12 acres of the existing property while retaining four acres for the construction of a new facility. It was opened this year, and the grand opening will occur in June this year. Hopefully, the Premier will be able to be there.

The Toronto Service Centre is designed to meet the demands of our growing caseload. It will directly house the CNIB services for nearly half of the clients we work with across Ontario. The facility is a model of universal accessibility design and will showcase unique solutions for persons with visual disabilities. The CNIB is extremely proud of its new home and has invited the province to recognize our new facility as a model of accessibility, which I know is a focus for this government.

During 2004, the province, led by the Ministry of Citizenship and Immigration, has shown exemplary leadership in advancing Ontario as a world leader in the field of accessibility. In particular, CNIB fully supports Bill 118, the Accessibility for Ontarians with Disabilities

Act. BakerWood is a model for how buildings made to be used and enjoyed by everybody can be built without incurring added costs.

We are strong proponents that accessibility is an issue that affects not just the 1.5 million persons with disabilities living in Ontario but every Ontarian. From seniors to expectant mothers, and parents with small children to persons recovering from an injury or illness, dismantling barriers to access encourages the full participation of people from all walks of life within their communities.

The facility is at the forefront of what the Premier called the government's movement to "remove barriers and expand opportunities for Ontarians to learn, work and play to their fullest potential."

During the fall, we met with the Minister of Public Infrastructure Renewal, David Caplan, who provided very helpful stewardship on receiving a one-time grant in support of BakerWood. This grant would be for between \$1 million and \$3 million. Following the direction of that ministry, we've submitted a proposal for support to the Ministry of Citizenship and Immigration toward the completion of this state-of-the-art facility.

In summary, we believe that the measures suggested above will contribute to the government of Ontario's vision of an inclusive society, where all citizens share the best quality of life and standard of living and are full participants in the Canadian economy.

Thank you. I think that was 10 minutes; I hope it was.

The Chair: You were under 10 minutes, sir. We have up to five minutes of questioning. In this rotation we'll go to the NDP.

Ms. Martel: Thank you for being here today, even though it took you a long time to get here.

Let me start with the intervention services. I wrote a letter of support for increased funding for intervener services in, probably, November 2003. Now, you said here that a proposal for enhancement was submitted to the government. Is this a proposal that is more recent than 2003 or is that the same one?

Mr. Laidlaw: No. It's the same proposal. The government has been very helpful with us. They at no point in time have said that we're not going to get the additional funding. They've been coaching and counselling us through this whole process, and we're hoping that in the very near future we'll get the OK for the additional funds. But it has taken a long time.

Ms. Martel: They may be coaching and counselling. I'm sure I did a submission in November 2003. We're over a year here, and you haven't got a response one way or the other. That's a long time to wait for what is a relatively small—and I mean small—amount of money in the overall government budget. What's been the problem?

Mr. Laidlaw: We don't know. I've only been with CNIB for about 11 months. When I first came, it was a major issue. We met with the minister, with the deputy and with the parliamentary assistant. Again, I have to understand where they're coming from. It takes a lot of time. They had a number of concerns, and we're very,

very patient. I don't want to say that it's their fault. It's not all their fault. It's a very difficult area to review. They have reviewed it, and they've given us every indication that it's going to be a positive outcome.

Ms. Martel: Is the funding contingent on the result of the program review?

Mr. Laidlaw: Yes.

Ms. Martel: When did that start?

Mr. Laidlaw: They did the review in, I think, November-December, and the report is going to be made available to us this week.

Ms. Martel: November-December 2004.

Mr. Laidlaw: That's right.

Ms. Martel: So a whole year where that work could have been done, especially if the funding was contingent upon the government doing a third-party review.

Mr. Laidlaw: That's correct.

Ms. Martel: I think that's a delay that, frankly, was just unacceptable, from my perspective. I know Michael Prue, who usually sits on this committee, actually had a chance to meet with one of his constituents who uses an intervener and was profoundly moved by the need for an intervener and by how much this opened up the world to this particular gentleman by being able to have this service. The service was three hours a week.

1020

Mr. Laidlaw: That's correct.

Ms. Martel: It wasn't exceptional by any stretch of the imagination.

Let me ask you about the other funding application you have in, the \$600,000 for permanent annual base funding to all of your centres for your early intervention program for children. When was that submitted to the government?

Mr. Laidlaw: We spoke with the minister last week, actually. I've been working with the minister's executive assistant. We had a very positive meeting with the ministry and they were very excited about it. I said I would have the submission based on their suggested improvements in to them in four weeks' time.

Ms. Martel: Is that a revised submission or a new one?

Mr. Laidlaw: It's a first submission. They gave us some suggestions how we could improve upon it. So, again, we feel very confident that the ministry will approve that.

Ms. Martel: And when you say that will provide funding to all your centres—you're covering 10 right now.

Mr. Laidlaw: That's correct.

Ms. Martel: What would that mean, then, in terms of the sites that will be included?

Mr. Laidlaw: It will be all the major cities in Ontario where we have early childhood intervention programs.

Ms. Martel: I don't know how many those are; sorry.

Mr. Laidlaw: Currently there are 10; we'll have 15 sites probably being able to provide services. There's a huge number of children who have to get this service, and the minister recognizes it's important to get that

funding. We get funding from the private sector as well, and the United Way.

Ms. Martel: But if you don't get that funding, what will happen? You'll be able to manage the 10 sites but not 15?

Mr. Laidlaw: I've got to work a lot harder finding private funding.

Ms. Martel: All right.

Mr. Laidlaw: I can do that, but it is challenging.

Ms. Martel: Thank you very much.

The Chair: Thank you for your presentation this morning.

Mr. Barrett: On a point of order, Mr. Chair: I have a motion.

Following this testimony of the Canadian National Institute for the Blind, I move that the Ministry of Community and Social Services:

(1) investigate permanent funding for early intervention services for children with visual disabilities;

(2) review the deaf-blind intervener program.

The Chair: We'll discuss that motion at report-writing time.

Thank you for your presentation and accommodating the committee early today. We appreciate it very much.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION

The Chair: I would call on the Ontario Secondary School Teachers' Federation provincial office to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Ms. Rhonda Kimberley-Young: My name is Rhonda Kimberley-Young. I'm the president of the Ontario Secondary School Teachers' Federation. With me is a member of our staff, Dale Leckie.

I'd like to start by thanking the committee for this opportunity to speak to the government's pre-budget consultations. I believe you have copies of our submission. I will go through a few points in detail and hope you'll have an opportunity after our presentation to look at some of the areas more thoroughly.

The government's first throne speech reiterated the commitment made during the election campaign: The new government's first and most important priority will always be excellence in public education. We applaud the government's commitment to public education but believe these words are most effective when supported by actions.

After its first budget, the government argued it had reinvested significantly in education. That reinvestment and any new money, however, have mostly targeted new initiatives and programs, to the detriment of core funding. OSSTF would argue that when you're building a house, you cannot start with the interior decoration and upgrades while neglecting the foundation.

What's more important, funding has not kept up with inflation. Unfortunately, the reality is that education funding is falling behind in Ontario. A 2002 Statistics Canada report summarized public school indicators for the provinces and territories from the period 1996-97 to 2002-03, and it showed that Ontario was the only province in which total spending per student rose at a slower pace than the rate of inflation. In fact, in most jurisdictions other than Ontario, total spending per student increased more than twice the rate of inflation.

Ontario also saw its student enrolment increase substantially, by more than 90,000 students in the last few years, to reach well over two million students, yet it has employed 3,339 fewer educators. That's only one of the impacts due to the chronic and structural underfunding.

While the government could argue that during its first budget in 2004, really, the cupboard was bare and it could not afford to fund new initiatives, the reality one year later is quite different. A growing number of experts are saying that the government's own forecasts for the 2004-05 year conceal a much rosier financial picture than suggested. Taking into account increases in revenue, the reserve allocation for contingencies and current debt financing costs, we believe the government has room to manoeuvre in this year's budget.

You'll see a series of recommendations that we believe are important to enhancing education in Ontario. I'll draw your attention to some of the core areas initially.

Our first recommendation is that the funding formula benchmark should be adjusted to implement year three of what Dr. Rozanski had recommended in the catch-up funding; and that the government should also put in place a realistic inflationary adjustment factor so that the benchmarks would continue to cover cost-of-living increases as time goes on.

In 1997, when the funding formula was developed based on the cost of services and goods provided by school boards, it was said that the actual costs were used to determine benchmark values, which then became an integral part of the formula that generated the funding for the various formula grants. Benchmark costs affect the amount of funding that boards receive in order to cover costs in the areas of: salary and benefits for administrators, teachers and support staff; learning resources such as textbooks, classroom supplies, computers and related costs; and school operation—heating, lighting, maintenance, cleaning, insurance, construction, major repairs and so on. That's why the base funding, the core funding, is so critical.

Hugh Mackenzie, from the Canadian Centre for Policy Alternatives, in October this past year did a study showing that about \$700 million of additional funding to salary benchmarks alone is needed to fulfill the recommendations put forward by the Rozanski task force. If we listen to others who have tracked education funding—parents' groups like People for Education—they too point to shortfalls, which unfortunately continue to exist.

The third recommendation in our paper has to do with pay equity. Pay equity legislation was enacted to elimin-

ate gender discrimination in compensation. Many of our school boards have reached pay equity settlements; many have not. There is a cost that is unfunded through the funding formula when they work out the pay equity settlements that we believe should be addressed in a way that allows school boards to enact the legislation they are required to do.

Our next recommendation has to do with the number of support staff available in schools. Certainly we have seen a decline in support staff in office, clerical, technical and plant support in particular. While there is funding in the funding formula for these groups, we don't believe it's necessarily adequate to provide the staffing that is still needed in schools. Unfortunately, it is an area from which school boards sometimes borrow to compensate for other areas, and that certainly is to the detriment of quality education.

Another recommendation we make is with respect to additional teachers, and I will draw your attention later to the detailed calculations on page 5. If a school board is to hire additional teachers, there are funding clawbacks that affect the school board that makes it next to impossible to do so. This government has put in place and announced many new initiatives around learning to age 18, and other programs to help students stay in school and help at-risk students. But that requires staff, it requires support and it requires people. Hiring additional teachers based on the way the funding formula works now is very difficult.

We also believe that hiring additional teachers could assist with this government's stated goal of lowering class sizes. In fact, we have done some research ourselves this past year. We commissioned an independent study called From Applied to Applause to address the concerns of many of the students at risk of dropping out. That research pointed to the importance of class size for all students, but in particular for the students in the grades 9 and 10 applied programs, who Alan King's studies and other studies have shown us are at real risk, and the dropout rate for that group is unfortunately heading in the wrong direction. We need to have the ability to address these with tangible ways, such as additional support staff and additional teachers.

Another issue we have brought to your attention, in recommendation 6, has to do with entry-level salaries for our teaching staff in particular. They are on a salary grid for a considerable number of years. In their first few years of employment, their salaries are not competitive with what professional salaries might be in other areas. Certainly we know that not all people stay in teaching, and every time we are not able to retain a good, qualified teacher in the system, there is a cost. So one way to help address that might be to look at addressing entry-level salaries in the funding formula.

1030

Another issue that exists in the funding formula, but that would require some additional funding to correct, is the fact that the funding formula is based on 7.5 average credits, and in fact many of our schools boards now are reporting in excess of that. That's an area where a student program is simply not being compensated.

Recommendation 8, on page 7, talks about student support. It is very important that students have the support not only of the teacher in a reasonably sized class but also the other support staff they might need, whether it be people who assist them in guidance, library or other areas that haven't been traditionally defined in the last funding formula as "classroom." It's also equally important, as you look in recommendations 9 and 10, that especially students with special needs get the additional supports they would require with the help of perhaps an educational assistant, a social worker, a child and youth worker, a speech-language pathologist or others who might help them overcome some challenges they face in education.

In recommendations 9 and 10 we speak specifically about special education funding. We know the government is doing a review of ISA, funding or the intensive support amount, in special education. What we want to ensure is that there is some way to reduce some of the unnecessary red tape in the process, but that at the end of the day there is adequate funding to meet students' real needs in terms of ISA funding. The same is true for the broader special education funding, the SEPPA funding, as it's known. We want to ensure that the government provides stability in those areas and, through the review process, finds a way to continue to adequately address the needs of special education students.

The Chair: You have about a minute left for your presentation.

Ms. Kimberley-Young: Thank you. I am summarizing.

The last specific area of a recommendation concerns adult education. While we have put in our proposal here an actual cost factor, I believe there are long-term savings and benefits to society and to the economy if adults are given the assistance they need to reintegrate into the school system, complete a high school diploma and are allowed more entry into the job market or into post-secondary education. What has happened to adult education has really been a travesty in terms of the numbers and the access we've seen over a period of time in Ontario. We would like to see that head in the other direction, and that requires investment.

I would conclude with an area where we do believe the government could continue to save some money, and that is on the way standardized testing is administered. We believe there are some alternatives that could easily meet the needs of ensuring that students are getting a good, quality education without the cumbersome bureaucracy and expense that we believe have skyrocketed in the province.

I would conclude by saying that we know the government has made some reinvestment in public education. We know the government has announced new programs. To have new programs be effective, they require support, they require staff and they require resources. I think the first and most fundamental resource we need is an improvement in the overall foundation and benchmarks to allow the school boards the flexibility to find some

very innovative and successful programs to meet the student needs in their own communities.

I would point back to the earlier recommendations as being absolutely critical, but we believe there is some other substance in this paper which is worthy of consideration.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Colle: Thank you very much for the very constructive presentation and the comments. They're very useful, I think, especially for members of this committee, who deal with the financial aspects of government and presenting of the budget. We are looking at the fact that last year the Ministry of Education was essentially allocated another \$1.1 billion over and above what was spent last year in education, so we want to make sure that money is directed to the right programs. We appreciate that direction from you.

One comment I'd like to make is that I note at the beginning you talked about the fact that the fiscal picture painted by the government in its fall statement etc. is really lowballing the economy and saying that the picture is much rosier than we have envisaged. Well, yesterday we had the diametrically opposite presentation by Toronto-Dominion Bank economist Don Drummond and also by Jack Mintz, from the C.D. Howe Institute and the University of Toronto. Mr. Mackenzie, whom you quoted, gave us that rosier picture. I wish Mr. Mackenzie were right; that's all I can say. But the reality is, with the Canadian dollar ranging in the area of 83 cents to 85 cents and the impact on Ontario manufacturing and exports, we've got some challenges in Ontario.

I just want to put that in context. We certainly look at all the forecasts, and we're going to continue to look at all other forecasts besides Mr. Drummond's, Mr. Mintz's and Mr. Mackenzie's. That's why we don't try to paint pictures. The ministry staff, in essence, takes an average of all the reputable forecasters.

I couldn't agree with you more about adult education. I think that's a critical investment, and hopefully we can find a way of getting the federal government to invest in newcomers to Ontario like they invest in newcomers to Quebec. As you know, Ontario gets \$800 per new arrival; Quebec gets \$3,800. That might be a way of investing more and freeing up some money so we can invest in adult education.

One of my colleagues has a question.

Mr. John Wilkinson (Perth—Middlesex): First of all, thanks for coming. I'll be brief. As we have stated before to other members of the OSSTF, it took us a while to get into this mess and it's going to take our government a while to get out of it; I know the minister is working hard.

Specifically, what I want to talk about is your number one recommendation—we've heard it from others—about the foundation grant. What is disturbing for us, and I'm sure for you as well at the secondary school level, is this increasing dropout rate, which stems back to the curriculum and having the supports, particularly in the

applied area, to make those kids have the best chance at succeeding. Can you explain to me, if we were to spend the money on the foundation grant—that one thing, because we can't afford to do everything—how that would translate into changing that problem, which is a huge cost to society going forward? We always have to look at the impact of applying scarce resources. I'd appreciate that.

Ms. Kimberley-Young: I'll try to answer that in the time allotted. I think our key recommendation around many of the points we've tried to make, and with students at risk in particular, is that they need supports. That translates into people, whether it's educational assistants or professional support personnel who are helping them or teachers or smaller classes. It translates into staffing. That requires funding. Yes, improvements to the base funding, the benchmarks, would certainly assist in that. But it's also going to have to be dealt with through other issues in regulation and the funding formula. If the financial restraint isn't there, there are other technicalities in the way the funding is applied and the regulations are applied that still pose hurdles. That has to be a bit more multi-pronged, but it first requires investment.

If I can make a remark on adult ed. as well: If we're talking about students who are vulnerable, certainly we have seen cutbacks over the years in ESL funding as well, and if we're looking at new Canadians and ensuring that they get a good start, certainly those are also valuable expenditures. In terms of adult ed., we do believe it is an investment. Yes, we know it costs money. But waiting solely on the hope of federal dollars is not going to give the people who need that opportunity today the kind of immediate support they may need.

In terms of Hugh Mackenzie's study, I think if we look at the CCPA's track record on alternative federal budgets, they were a better predictor of the federal surplus than any of the other bodies. I think their track record on prediction is actually quite valuable.

The Chair: Thank you for your presentation this morning.

ONTARIO LONG TERM CARE ASSOCIATION

The Chair: I now call on the Ontario Long Term Care Association to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of Hansard. You may begin.

Ms. Karen Sullivan: Good morning. Thank you for the opportunity to be here today. My name is Karen Sullivan. I'm the executive director of the Ontario Long Term Care Association. With me is Brent Binions, who is a member of our board of directors. We represent the private, not-for-profit, charitable and municipal operators of 425 long-term-care homes that provide care and

accommodation services to over 48,000 residents throughout Ontario.

1040

On any given day, there are more than twice as many Ontarians in long-term care as in hospitals and there are more than three times as many long-term-care homes as hospitals. This is not a relative merit comparison. Rather, it demonstrates that Ontarians rely heavily on this publicly funded and publicly regulated health care service.

Our members, in partnership with government, strive to provide this service to meet the changing needs and expectations of residents and their families. The fact that it is a partnership, with government providing the funding for care and program services, is why we are here today. Without appropriate funding, our members can neither meet these needs and expectations, nor can they effectively support government's health care transformation agenda.

I've circulated our November 2004 submission to the Ministry of Health and Long-term Care for appropriate long-term-care funding in the 2005-06 budget. Long-term care receives funding in three specific envelopes—nursing and personal care, program and support services and other accommodation—so that government can target funds and keep homes accountable. I will now highlight our requests in the context of these funding envelopes.

The need for increased operating funding for our sector has been well documented. The 2001 level-of-service study compared long-term care in Ontario to 10 other jurisdictions and found that Ontario's level of care was lower than in any other province, state or country studied. Successive governments have since been providing operating funding increases to close this gap.

The current government made it a priority with an electoral commitment to increase operating funding by \$6,000 per resident, for an overall funding increase of approximately \$450 million. Their first budget increased base funding by \$96 million, with a commitment to an additional \$20 million on April 1 this year. This is roughly one quarter of the government's total commitment. The sector is now requesting the next quarter of this four-year commitment, approximately \$98 million, or \$3.57 per resident per day.

The funding increases provided in the 2004-05 budget, like those of the former administration, have been primarily targeted at what everyone agreed was the most immediate priority: more nursing staff to provide more care. The gains made to date, however, can easily ebb away without additional funding support, so nursing and personal care must remain a priority.

The \$20 million already announced in the nursing envelope for 2005 is about 75 cents per resident per day, or \$16,000 in new funding for a typical 60-bed home. This will only help meet inflationary pressures to maintain current staffing levels. It's why our \$98-million request includes another \$30 million, or \$1.05 per resident per day, in this envelope.

At the same time, however, we cannot continue to overlook that achieving quality in long-term-care ser-

vices is about more than adding just nursing staff. Minister Smitherman's parliamentary assistant, Monique Smith, said it best in stating that the sector review which resulted in her report, *Commitment to Care*, was guided by the following fundamental principles: "A premise that a long-term-care facility is a home to resident seniors; a need to ensure respect and dignity for our senior population in care; and finally a belief in an entitlement to a life of quality in government-funded homes."

Ontarians share Ms. Smith's belief in this entitlement. OLTC believes that in 2005, the elements that most directly impact the quality of life for those 75,000 residents must become a government funding priority. These include enhanced activity programming and volunteer coordination that engage residents by providing more choice and variety of programs, one-on-one and small group activities that benefit residents with dementia, and additional weekend, evening and multi-cultural programs; physiotherapy and other therapy services, such as occupational therapy and speech-language pathology, that ease the pain and discomfort of illness and aging, support Ontario's stroke strategy and maintain a resident's ability to do everything from walking and swallowing food to getting dressed; social work, chaplaincy and palliative care services that alleviate stress, provide spiritual support and enhance dignity for both residents and their families during an often emotional time; and increased dietician services to enhance nutrition care.

As governments rightfully have strived to provide more nursing staff, there have been only nominal funding adjustments to the program and support services envelope that funds the above services. Of the \$121 per diem, the government currently provides \$6.40, or \$2,336 per year in this envelope. Ms. Smith's report identified that more needs to be done in these areas, and we agree. This can only happen with increased operating funding that contains an elevated priority for the program and support services envelope.

In this context, physiotherapy services require specific attention in the 2005-06 budget. The fact that nine out of 10 long-term-care residents who would benefit from physiotherapy services do not get these services was documented in the 2001 level-of-service study. That situation has not substantively changed. There is also a significant imbalance in resident access to the physiotherapy services that are provided. Most of these services are provided under the OHIP schedule 5 program and, due to the local availability of these providers, not all homes have been able to access these services. At the same time, some homes have been able to access more services than others. In the 2004-05 budget, the government indicated that funding for schedule 5 physiotherapy would be delisted on April 1, 2005. There was also a commitment made, however, to continue to provide physiotherapy services to residents in long-term-care homes.

The options being considered to accomplish this include providing funding in the program and support

services envelope and targeting it specifically for physiotherapy or other therapy services. OLTCa supports this approach as it will begin to address the equity-of-access issue. However, by itself, it will also result in massive reductions of service for homes that currently access schedule 5. That's why we're requesting an additional \$1.24 per resident per day, or \$34 million, in the program and support services envelope for all homes to purchase additional physiotherapy, occupational therapy, speech-language pathology and other activation services.

To fully provide residents with access to a life of quality, we are also asking that new funding be targeted to enhance dietary services and raw food expenditures. The preparation and service of high-quality food is key to one of the most important and pleasurable parts of the resident's day. That is why approximately \$17 million of our request is targeted funding for dietary services and raw food expenses. A small amount of additional funding, approximately \$13 million, is also necessary to sustain current service levels in the accommodation envelope.

Finally, the physical living environment facilitates high-quality program delivery and enhances resident dignity, privacy and comfort. With the 20,000 new bed expansion program and the D bed redevelopment program now nearing completion, government must address the ongoing maintenance and renewal of the 600 physical structures that 75,000 Ontarians call home. The immediate priority must be to begin a renewal program for those 36,000 beds in what we call B and C homes that to date have been ignored. Realistically, and in fact practically, this renewal cannot happen overnight. However, we believe that a significant start can and should be made in 2005 by providing \$7.5 million to upgrade the first 2,500 of these 36,000 beds.

In summary, then, OLTCa was pleased to see in the 2004-05 budget that \$20 million had already been committed for 2005. However, as I pointed out, this funding will, at best, maintain existing staffing levels. It will not address therapy, activation, dietary and other quality-of-life services. Therefore, for the 2005-06 budget, OLTCa asks this government to continue to fulfill its much appreciated commitment to long-term-care residents. We ask that operating funding be increased by \$98 million, or \$3.57 per resident per day, with an emphasis on the program and support services envelope, while not overlooking the issues related to nursing, raw food, dietary services and increased operating costs. We also ask that funding be provided to begin the capital renewal process.

With these initiatives, government will not only continue to fulfill their funding commitment, but more importantly, they will directly contribute to an enhanced quality of life for residents in government-funded homes and better equip these homes to be partners in government's health care transformation agenda. Thank you.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Barrett: I wish to thank the Ontario Long Term Care Association for running through some of these

numbers. I hear what you're saying with respect to physiotherapy, occupational therapy, recreational therapy, dietary and other quality-of-life services. You indicate that nine out of 10 long-term-care residents are not accessing physiotherapy services. I should know this: There is no impact at all with respect to the present government's delisting of chiropractic services as an essential health service?

1050

Ms. Sullivan: Well, part of the issue with the schedule 5 provision of services is that a significant number of homes don't have access to that and then some do. So part of the fix around that is to figure out how to make those services accessible to all homes, and that's what we're hoping happens April 1, after the delisting of schedule 5, in order to meet the commitment to provide physiotherapy.

Mr. Barrett: With respect to residents' access to optometry or chiropractic services, how does that work?

Mr. Brent Binions: It would be extremely unusual for residents in long-term-care facilities to get chiropractic services. They would have to go outside to do that, just as anybody else would. They're not provided in the home in 99% of the cases.

Optometry, again, is done by way of appointment. If the doctor or the nurse or the family wants them to have an appointment, they have to be taken outside to access that service, just like anybody else would.

Mr. Barrett: Dental hygiene?

Mr. Binions: By and large, we try to bring the dental programs into the home. There are numerous companies that provide dental hygiene services in the homes on contract with the family members directly.

Mr. Barrett: Under the supervision of a dentist?

Mr. Binions: Under the supervision of the home itself.

Mr. Barrett: Under the supervision of—

Mr. Binions: Of the home operator itself.

Mr. Barrett: But a dentist would be required to sign off on that, or could a dental hygienist?

Mr. Binions: All those companies have a dentist who oversees the program, yes.

Mr. Barrett: OK, then. With respect to the new bed expansion and the redevelopment of D beds now nearing completion—I think in my area a number of the buildings are still under construction. How close to completion are they?

Ms. Sullivan: We're very close. There were 20,000 beds announced, and almost 18,000 are open. There are about 1,000 to build and 1,000 that are slower coming on. But the D bed program has another year. So if there are rebuilds in your area, that might be what you're seeing. The D bed program had a different deadline, 2006.

Mr. Barrett: Obviously that program was a long time coming. With respect to D beds and C beds, could you just clarify what that stands for? Was there a program in the past to upgrade those beds?

Mr. Binions: Well, there has never been a program to upgrade B and C beds. The only program for upgrade is the D beds.

Mr. Barrett: What are B and C beds?

Mr. Binions: A C bed is a home that meets the 1972 standards. When we brought long-term care into the insured program, government-funded program, we set standards in 1972. Those standards had not changed until 1998, when we began the program for building 20,000 new beds. In between that, as we got closer to the very early 1990s, the government, quite rightly, said that the current homes structure wasn't right for the residents, so there was a push to get people to build more space and more amenities, more facilities into these homes. Those homes built in the early 1990s were built at a little different level, and those are called B-class homes. So the Cs were the ones that met the 1972 standards, Ds didn't even meet the 1972 standards and Bs were something a little above 1972. The new standards are the A-class homes.

Ms. Sullivan: Of the 36,000 homes, 31,000 are C beds. So most of them are the older 1970s style.

The Chair: Thank you for your presentation this morning.

ASSOCIATION OF COLLEGES OF APPLIED ARTS AND TECHNOLOGY OF ONTARIO

The Chair: I would ask the Association of Colleges of Applied Arts and Technology of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes for questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Rick Miner: Thank you very much. My name is Rick Miner. I'm the chair of the committee of presidents of the Ontario colleges, and I'm also president of Seneca College.

Mr. David Lindsay: I'm David Lindsay, the new president of the Association of Colleges of Applied Arts and Technology of Ontario.

Mr. Miner: You would have received a copy of a slide deck. I'm not going to read from it. I'd really like to talk more off the cuff in terms of giving you a better sense of where the colleges are and where they think they ought to go. That ought to give us a little more opportunity to enter into a dialogue about how we may get there, because we see colleges being an instrumental vehicle in terms of the economy of the province in the decade to come. Clearly, we're entering a very significant point in terms of economic competition. It's not only hemispheric competition, it's international competition. The role the colleges are going to play is a particularly important point in that, because ultimately it's the skills of our populace that will drive our economy.

Currently, we aren't graduating enough people with post-secondary credentials. In general, if you look at the 25- to 34-year-old age group, about half of those people get a post-secondary credential. In other parts of the world, they're pushing the high 60 percentage points; some are targeting up to 90%. We think it ought to settle somewhere, at least as a first shot, around 70% to 75%.

We are also going to have significant problems with skilled labour. About half of our skilled labourers right now will retire in the next 15 years. A recent survey by the Ontario Chamber of Commerce showed that some 40% of respondents indicated they're going to have a skilled labour problem within the next five years. We see colleges as really the key, the access, to solving these types of labour problems.

As you probably know, there are 24 colleges around the province. Every constituency has a college presence of some kind or another. We train over half a million adults; 150,000 of those are full-time students, and the balance are part-time students. We graduate about 50,000 in any year. We do about 90% of all the apprenticeship training. Our graduates have been successful. We have over a million graduates of the college system. We routinely take measures of our performance, and 92% of our employers indicate they're satisfied or very satisfied with the quality of students they receive.

Also, we see education as not an expense as much as an investment. We commissioned an independent economic survey to basically ask the question, "What value is there for the government and the taxpayers in investing in post-secondary education, more specifically colleges?" The independent economist came back and indicated there was a little over a 12% return on investment. That's a pretty good return on investment by anybody's gauge.

When we look ahead, we do have a vision of where we think the province should be going in terms of colleges and post-secondary. We think it should set a target of at least 70% of the population, that young population in particular, having a post-secondary credential and actually completing it. We would say that there should be encouragement to get underrepresented groups into the education system—aboriginal, low income and new Canadians in particular—and we think there should be better resources to support this level of education. We are going to require some support. You probably are well aware that the college system has been chronically underfunded for the last 15 years. The level of government support has dropped 40% in that period. We are now the lowest-supported post-secondary system in Canada.

There are a couple of graphs that visually illustrate for you how the gap has grown in the last 15 years and one that shows the 2002-03 provincial comparisons, and those are the most recent ones.

I think a fair question, if I was in your shoes, would be, "With all the underfunding, how do you manage to survive?" We've done it in ways that we're not real happy about. If you were to look at instructional hours 15 years ago, what you'd find is a significant reduction in instructional hours. You'll also find a reduction in student-faculty ratios. You'll find that there are much lower levels of non-academic and academic support for students. You will find that we have not invested in our technology as quickly as we should, and at times we're training people on antiquated equipment. What is not on the slide deck is that we have a significant deferred maintenance problem. We've just held off fixing things

because we felt that running the college was better than fixing the leaks.

1100

But we do have hope. We see a renewed interest in the role of post-secondary education in the economy. As you know, there will be a report from Rae coming out probably sometime in February, and we're encouraged by some of the comments coming from him and his panel. We think there's going to be a bold new opportunity to link college training with the economic environment of this province.

In summary, what we're saying is, let's make sure we train enough people. Our minimum target is 70% of that 25- to 34-year-old group. Let's look at implementing reforms, particularly in the area of transfer credit. It saves students money and it saves the taxpayer money. Students should not be required to retake things they've already taken. We need improved transferability between colleges and colleges, universities and universities, and universities and colleges. Restoring the funding of the colleges, we think, is going to be instrumental. The basic decision is that you can pay some now or you're going to pay a lot more later. As the requirements for increased levels of education interface with the economic realities, there will be a point where that has to be improved.

I thank you very much for your time and look forward to your questions.

The Chair: This questioning will go to the NDP.

Ms. Martel: Thank you for being here today. We appreciate your presentation. Let me ask two questions. Tell me, what would be the cost to restore funding to Ontario colleges to get us just to the middle of the pack, and then what would be the investment required to get us to where we should be, which is at the top?

Mr. Miner: The gap right now is about \$300 million. If all the other provinces did nothing and Ontario invested \$300 million into the college system, then we'd be at the national average.

Ms. Martel: At the average. OK.

Mr. Miner: That would just put us at the average. The answer to the other question, where should we be—I obviously have a bias there. I think we should be higher. It's more difficult to give a precise number, but I'm drawn to the fact that the government gets a 12% return. So if you put in \$100 million more, then you're going to get \$12 million back, and you're going to get that back over the whole life of the individual who's trained. So, in fact, you'll recoup your entire investment within 10.5 years of making it, which is a pretty good investment opportunity.

Ms. Martel: Can you tell me what you got last fiscal year as an increase, both percentage, and then can you give me—

Mr. Lindsay: It was a \$25-million investment and \$30 million, so in total about \$50 million.

Ms. Martel: Was it 50 or 15? OK; \$50 million.

Mr. Lindsay: The \$25 million, which was a one-time investment, and then the \$30 million was the continuation of the funding from previous years.

Ms. Martel: So the one-time investment was not added to base, so it might have helped—

Mr. Miner: No. It was a one-year commitment to address problems associated particularly with certain colleges that were having economic difficulties.

Ms. Martel: Was it operating funding or capital?

Mr. Miner: It was operating. But it's for one year.

Ms. Martel: Right. That's the same thing the minister is doing with hospitals this year. Half of that money is going for deficits that are going to carry to next year, so now we've got an even more interesting problem for next year.

So \$300 million; what has been the government promise for this year? Do you have any sense yet? Have you been having some discussions with ministry officials about what they anticipate, or are they holding off until—

Mr. Miner: They're holding off till Rae.

Ms. Martel: OK. And what has the government said about its commitment to the Rae review? That would be my next question. It's clear that Bob Rae is out doing work. Lots of people have different expectations. Whether or not the government responds to those expectations is another matter altogether.

Mr. Miner: Our impression is that the government is committed to seriously considering the recommendations coming out of Rae.

Ms. Martel: Can I ask what the colleges, in your submission—is it essentially the same as you've given to us today? What did you present to Bob Rae?

Mr. Miner: The one to Bob Rae was far more detailed. This one looks at it more from an economic point of view, so at least the economic point of our submission would be the same. But his was much broader than that in terms of system design, funding formulas, underrepresented groups, access and the like. So it was a more comprehensive submission because he wasn't dealing simply with the financial side.

Ms. Martel: Can I just return to the \$50-million investment from last year? The \$25 million that was then added to base: What was the percentage amount to all colleges? Is that how it flowed?

Mr. Lindsay: No. That's how they maintained the existing funding, based on the double cohort that came through, so it was distributed based on the student enrolment.

Mr. Miner: It's enrolment-based, so that way it's somewhat equitable across the system.

Mr. Lindsay: The additional \$25 million was not enrolment-based.

Ms. Martel: The \$25-million one-time was not. OK.

Mr. Miner: Correct.

Ms. Martel: OK. You're here before the committee at this point. What are you asking from the government this year? Is it to get us to the national average?

Mr. Miner: We want to be at the national average as soon as possible. There is obviously practicality there, but we've got to get there. I do a lot of work with my colleagues in the States, and whenever you get into a meeting with them, they say, "Thank God for Mississippi,"

whenever they compare anything. Unfortunately, we're getting to the point where people are saying, "Thank God for Ontario," because we are really lagging behind where the rest of the country is in terms of their college education.

The Chair: Thank you for your presentation this morning.

MERCK FROSST CANADA LTD.

The Chair: I would ask Merck Frosst to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questions following that. I would ask you to state your name for the purposes of our recording Hansard.

Interjections.

The Chair: I'd ask members to please refrain from crosstalk.

Ms. Tama Donoahue-Walker: My name is Tama Donoahue-Walker. I am the director of corporate affairs for Ontario. With me today is Amanda McWhirter, the manager of external relations for Ontario. We appreciate the opportunity to present to the committee and share with you our views on how Ontario's economy can benefit from a strong and robust, innovative pharmaceutical industry.

My remarks today highlight the comments and recommendations put forth in our written submission. Our presentation today will focus on three themes: the benefits of a strong biopharmaceutical industry in Ontario; the importance of access to medicines; and patient health management—a health systems approach.

By way of background, Merck Frosst Canada Ltd. is one of the country's leading research-based pharmaceutical companies. The Merck Frosst Centre for Therapeutic Research is one of the largest private biomedical research facilities in Canada. In 2002, we invested more than \$120 million in research and development in Canada.

Here in Ontario, Merck Frosst values its relationship with the research and academic community. Merck Frosst spends millions of dollars annually on research, salaries, benefits, grants and sponsorships. By way of example, Merck Frosst recently invested \$5 million in the Robarts Research Institute in London to establish the country's first research centre dedicated to respiratory imaging.

In Ontario, innovative pharmaceutical companies employ over 9,100 people, and in 2003 invested \$537 million in research and development. The capacity to discover new and innovative medicines here is of major significance from both a health care and an economic development perspective.

Knowledge-based industries, including the pharmaceutical sector, are key drivers of productivity, economic growth and improvements in the standard of living. When you look at the relationship between the innovation index and the gross domestic product per capita, you see that innovative economies are the most prosperous.

The innovative pharmaceutical industry creates new opportunities for high-value research, and in the process produces high-value jobs and significant spinoff economic activity. In terms of job creation over the last 30 years, the pharmaceutical sector has substantially outperformed the overall manufacturing sector. Statistics Canada estimates that the biopharmaceutical sector has an employment multiplier effect of 2.02, which is one of the highest multipliers of all industrial sectors.

Of all the applications of life science, the pharmaceutical research sector has the greatest potential for growth. For example, pharmaceutical R&D has risen from \$166 million in 1998 to \$1.2 billion in 2003. However, we are not achieving our full potential. For instance, Canada captures 1% of worldwide R&D investments, yet we represent 2% of the worldwide market. This means that we could double our R&D investment in Canada to get our share.

Merck Frosst looks at several factors when making investment decisions; chiefly, whether the jurisdiction supports a productive innovation system and whether it holds the conditions which make it attractive to commercialize. These would involve having policies that would provide intellectual property protection, fair and reasonable market access, efficient regulatory review times, R&D commitments from local government and tax credits that incent investment.

1110

As a company, we are encouraged by this government's commitment to growing the economy and investing in highly skilled jobs. As the second-leading sector in R&D, we would encourage the government to work with the pharmaceutical sector to explore ways to increase R&D investment and benefit from fostering a more innovative, and therefore prosperous, economy.

New medicines have allowed people to live longer, improve their quality of life and lead more productive lives. For example, patients with HIV-AIDS are now able to live more productive and fulfilling lives thanks to the innovations in pharmaceuticals. Medicines have also enabled the transformation of health care from less institutional care to more out-patient and community-based care, contributing to superior outcomes and the reduction of waiting lists.

Vaccines have been instrumental in using health care dollars more effectively. Each year in Ontario, nearly 900 people are hospitalized and more than 234,000 days are lost from work as a result of chicken pox. This results in nearly \$10 million in direct health care costs and \$38 million in indirect societal costs annually. We would like to applaud the government for fulfilling its commitment to expand access to vaccinations for the prevention of chicken pox, meningococcal meningitis and pneumococcal disease.

We recognize that the government is faced with many fiscal challenges. We are also aware that drugs are one of the fastest growing components of health care spending. However, innovative medicines within the Ontario drug benefit program represent just 6.5% of the Ontario health

budget, and as the vaccine example I just mentioned illustrates, we believe that it is an investment that helps keep the costs of the overall health care system low.

Columbia University professor Frank Lichtenberg has done detailed research about the value of drugs in the health care system. He demonstrated that in 2001, for every \$1 spent on new medicines, the savings in other parts of the health care system were between \$6 and \$8.30. About two thirds of this reduction was in hospital costs and the other one third was about evenly divided between savings in physician and home care costs.

While we recognize the difficult immediate fiscal situation, evidence suggests that cost-containment measures, or policies that further restrict access to medicines, not only provide less optimal care for patients, but over the long term end up costing the health care system more.

The Ontario government should be recognized for its recent improvements in the regulatory system. For instance, the government now provides more timely updates to the drug formulary. However, more work remains to be done. Unfortunately, Ontario remains one of the most restrictive provinces, with only 32% of all new medicines in the past five years listed on the formulary. For those that do receive a listing, it takes, on average, 500 days to get listed.

Administrative barriers can also have a significant impact for patients, physicians and pharmacists. For example, physicians can request coverage for products not included on the formulary through a process called section 8. Despite the government's efforts and commitment to rapidly reviewing these requests, physicians report that it now takes as long as four months to process these requests. In the interim, these patients may go without needed therapy. This process has become a costly and time-consuming administrative burden for the Ministry of Health and Long-Term Care. In 2003, the over 120,000 section 8 requests actually required the hiring of additional ministry staff to process them all.

As committee members are well aware, the ODB program provides benefits to seniors and those who may be economically disadvantaged. People who have access to an employer plan or private drug plan generally have almost immediate access to a significantly broader range of medicines. Therefore, further restricting access on the drug formulary, or employing cost-containment measures that create a greater financial challenge for those who are eligible for the ODB program, will result in denying access to those who need the medicines the most.

We would also encourage the government to look at some of the proposed changes to pharmaceutical policy being considered by the province of Quebec. As committee members may know, Quebec represents 42% of Canadian pharmaceutical research and development expenditures, the largest share of pharmaceutical R&D. They enjoy this investment due to their inviting domestic policies and a commitment to innovation. By way of example, some of the changes Quebec has recently proposed are an end to the price freeze in this province; and a commitment to refrain from implementing a reference drug pricing policy.

Merck Frosst is a leader in the field of patient health management, an approach to health care that promotes wellness and health management by focusing health care resources on closing care gaps to improve health outcomes. A patient health management approach is achieved through partnerships involving government, health care providers, patients, academia and the pharmaceutical industry.

Merck Frosst has led many disease management initiatives across Canada. For example, we initiated a program in Nova Scotia called improving cardiovascular outcomes in Nova Scotia, or ICONS. This province-wide program in cardiovascular disease showed significant improvements in health outcomes, including a reduction in mortality, as well as a reduction of approximately 3,000 rehospitalization days per year. This resulted in a system cost avoidance of nearly \$2.9 million for just one disease—congestive heart failure. As a result of the success achieved with this initiative, ICONS has become an operational program of the Nova Scotia Department of Health.

Merck Frosst strongly encourages the government to employ patient health management strategies. The Ontario government has stated that information systems and management of chronic diseases are a priority. We are pleased to see the government indicate a willingness to do more with chronic disease management in areas such as diabetes and osteoporosis, and we are encouraged with the recent announcements to include disease management in the creation of family health teams. However, we would recommend the government develop a province-wide strategy so that patients and health care practitioners can benefit from the improved outcomes.

In conclusion, Ontario has the opportunity to attract much more investment from the pharmaceutical industry than it currently does. It holds many of the prerequisites for the potential of increased investment, such as strong science and research infrastructure. However, over the past several years, Ontario has begun to lose its edge in competing for additional investments, therefore losing out on the potential economic benefits that come with these investments.

We encourage the government to look at Merck Frosst and the pharmaceutical industry as a partner in fostering economic growth. We appreciate the government faces many challenges in keeping its fiscal house in order. However, we would like to emphasize that medicine should be viewed as an investment and serve as a means of not only providing better outcomes for patients, but also as a means to more effectively use our health care dollars.

Merck Frosst is committed to fostering meaningful and sustainable partnerships with government, health care professionals and others with a shared vision to deliver the most valuable health outcomes for patients. We believe in scientific excellence, in bringing to market true advances in patient care and in maintaining the highest ethics and values in everything we do. By building on these strengths, we will continue to help people live longer and better.

Again, I thank you for the opportunity to present to the committee today, and at this time I would be pleased to answer any questions you may have.

The Vice-Chair (Mr. Phil McNeely): Thank you for your presentation. We'll go to the government and Ms. Marsales.

Ms. Judy Marsales (Hamilton West): Good morning. Thank you very much for your insightful presentation. I'm not sure if you're familiar with this, but just a couple of days ago, McMaster University in west Hamilton announced that they had purchased an old industrial site called Camco for the purpose of building a research park. The emphasis on the research park is the commercialization of research and some of the outcomes of research. I was wondering if you could identify what, in your view, some of the obstacles are currently before research in terms of commercialization.

Secondly, I'm led to believe that drugs are the fastest rising cost of health care. You touched on price containment. What more can be done? Clearly, we can't continue going along that path of increases. I'd be interested in your comments on those two issues.

Ms. Donohue-Walker: Regarding the initiative in Hamilton, I did read about that, and I think that is very similar to the things that are going on, for instance, with MARS, the medical and related sciences initiative here in Toronto. These are some initiatives that are heading in the right direction. But from the perspective of the pharmaceutical industry, we compete on a global basis for research and development dollars. So although it may seem like we're making great progress and great strides, in terms of commercialization it's very important for our industry, as I mentioned, to address some of the issues that exist here, not only in Ontario but in Canada as well, in terms of intellectual property protection, access to the market in terms of reimbursement of pharmaceutical products and a rapid regulatory review, for instance. As I said, Ontario is lagging behind in some of these things, and when decisions are being made on a worldwide basis, we have to take all of these factors into account. We feel Ontario has a lot to provide, but we really need to put Ontario out on the worldwide stage. There are opportunities, like BIO 2005, where we would be able to put Ontario out there and show what Ontario has to offer. I think a lot more could be done in that regard, working co-operatively with the industry.

1120

Regarding the growth in the drug budget, as you mentioned, it is growing at approximately 15% per year. What we are suggesting is that we have to look at why it's growing at 15% a year. One of the reasons is that it's actually replacing the costs of other expensive kinds of health care—surgeries, for instance. It's also leading to prevention of disease, avoiding hospitalizations, keeping people out of hospital in the first place. Although it does stand out as some place where it seems like there may be an issue, we would put forward that there is a lot of value to the overall health care system by continuing to pay for these medicines, recognizing that we do have an older

and aging population. As that population continues to age, we will see continued growth in the drug budget, but it's because of the shift of one type of health care to another type of health care, which is one where you can actually avoid costs in advance.

The Vice-Chair: Time for one more question, Mrs Mitchell.

Mrs. Carol Mitchell (Huron-Bruce): This is sort of expanding on it further. Your number 4 recommendation with regard to the nine diseases that make up 82% of the expenditures—and you're recommending patient health management programs. You also said that you were in support of health teams. Could you please expand on that so I would have a better understanding of what your recommendation is?

Ms. Donohue-Walker: What we are suggesting is that there's an opportunity for all of the partners to work together in closing care gaps in terms of disease management types of programs. For instance, diabetes has been offered as one area of interest. If there was a way we could work together to identify what the standards of care are, what the evidence is, what the appropriate therapies and treatments are for those patients, getting physicians to be incented to meet certain standards of care, giving them feedback on what their current care is right now and how that might be improved, then there's an opportunity to have ultimate cost savings within the system.

The Vice-Chair: That's the end of the time for questions. Thank you very much for your presentation.

MYCHOICE.CA

The Vice-Chair: We'll now have the group MyChoice, if you could come forward. You have 10 minutes to make your presentation. Following that, there will be five minutes to the official opposition. When you begin, could you please state your name for the purpose of recording Hansard.

Ms. Nancy Daigneault: OK. Good morning. My name is Nancy Daigneault. I'm here today as president of MyChoice.ca to speak on behalf of the 15,000 Canadians who have become members since it was launched on September 28.

MyChoice.ca is an online smokers' rights association and Web site dedicated to giving adult smokers a say in tobacco policy. Its goal is to not turn back the clock but to restore balance and civility to the smoking debate. Of our 15,000 members, 12,000 are from Ontario. Their message on the taxation issue is very simple: Smokers are tired of being treated as cash cows.

Federal and provincial taxes currently account for an average of 70% of the cost of cigarettes and generated combined government revenues of \$8 billion in 2003-04. Of this figure, \$7 billion was in direct tobacco taxes on smokers; the remainder was in general sales taxes. This represented an increase of \$3 billion since 1999-2000. According to the Ontario government public accounts, tobacco tax revenues for this province's coffers alone more than doubled during this period to \$1.35 billion in 2003-04.

I understand the estimated revenues for this current year are \$1.45 billion, but one suspects that this will be a little bit higher given the fact that the government will benefit from the two tax increases it implemented soon after coming to office in late 2003 and a third tax hike of \$1.25 a carton, which was announced yesterday.

The expectation is that a fourth tax increase will be included in the new budget, and according to comments by the finance minister in the media, smokers will be the only ones facing a tax increase. At this rate, Ontario's share of tobacco taxes from smokers easily matches the \$1.7 billion a year the provincial health minister claims that smokers cost the health care system in this province. But smokers are actually paying much more into the health care system, and here's why. When combined with the share of more than \$3 billion in tobacco taxes paid to the federal government, Ontario smokers are actually contributing \$2.5 billion or more into the health care system just by purchasing their tobacco products. That's close to 50% more than the Ontario health minister says smoking-related illnesses cost the health care system in this province. These tobacco tax revenues are in addition to the health care premiums, income taxes, other sales taxes and all the other levies that smokers pay along with the other people in Ontario.

Smokers are tired of being so heavily taxed and then falsely accused of being a drain on the health care system. They pay higher consumer tax rates for their tobacco purchases than any other groups, and that includes motorists and drinkers, and are major contributors to government revenues and the ability of governments to pay for health services. But don't take my word for it. You can believe Health Canada. Its own study into this very issue in 1997 stated that smokers contributed \$5.4 billion more into the health care system than they took out. Since the number of smokers has continued to decline since that time but the tax revenues have indeed soared, it seems fair to suggest that this net surplus contribution is even greater right now.

Is it any wonder that smokers believe the government's real goal in passing tough smoking regulations is to shame smokers into accepting more tax increases? Even anti-smoking groups admit governments are driven by a desire for revenues and not health issues when taxing smokers. At the 2004 Ontario Tobacco Control Conference in Toronto, anti-smoking delegates were advised to find ways to "piggyback" smoking on to other issues to make it easier for governments to raise taxes. "Governments got into financial trouble and they started raising tobacco taxes," was how Francis Thompson of the Non-Smokers' Rights Association explained why governments have been imposing big tobacco tax increases in recent years. Vicki Francis, representing the Council for a Smoke-Free PEI, said, "Every government in trouble has had one"—a sales tax increase—"but we've paved the way by making it palatable to do that and that's because we have health messaging."

There are other reasons to question if deterrence is the real purpose of high taxes. Smoking rights in the United

States, for instance, over the past three decades have declined at very much the same pace as those in Canada, despite the fact that until very recently US products were taxed relatively lightly, so prices were much lower than in Canada. This would suggest that public awareness of health risks and education campaigns are the real drivers in bringing down smoking rates.

MyChoice.ca members are not solely concerned with the amount of taxes they are now being forced to pay; they also question how governments are using that money. Much more could be spent to help smokers quit, yet all levels of government spend only a fraction of their revenue from tobacco taxes in ways to help those who do smoke lessen their health risks. A perfect case in point: Last year the federal government alone earned more than \$3 billion from tobacco taxes, but its five-year tobacco control program has a budget of \$480 million. That's less than 4% of the tax revenues.

More than a third of our members have indicated in survey questions that they are interested in quitting smoking. And what is the Ontario government doing to help them? The answer is, quite simply, not very much. In March 2003, the Liberal promise election platform included a pledge to use increased tobacco tax revenue to make highly priced smoking cessation medication available to all smokers who are trying to quit. So far, that is the one promise regarding smoking that hasn't been kept.

Singling out smokers for tax hikes for the third time in little more than a year, and apparently preparing to hit them again at budget time, does not constitute fair government. Using the tax hikes to dramatically increase revenues and then accusing smokers of being a drain on the health care system does not constitute open and honest government. Governments have a duty to treat all of its citizens fairly and respectfully. It's time they began living up to this responsibility when it comes to smokers. Thank you very much.

1130

The Vice-Chair: Thank you for your presentation. We now have five minutes, and the questions are from the official opposition.

Mr. Barrett: I want to thank the MyChoice organization for testifying before the finance committee. As you've indicated, in Ontario we haven't had a tax hike for about 11.5 hours now. It may well be in keeping with today being Weedless Wednesday; that's a health promotion initiative that I feel has merit. I question why that good initiative, which was launched many years ago, is justification for a money grab.

In 1994, just prior to the NDP government rollback on taxes, combined federal and provincial taxes on a carton of cigarettes in Ontario were \$28.86. As of midnight today, the combined rate in Ontario now totals \$43.43 on a carton of cigarettes. That's up from \$28.86 under the NDP government.

Across the Dominion of Canada, governments accrue—and it's a moving target; we have to update it as of 11 hours ago—something in the order of well over \$8 billion every year from a crop that's grown in my riding,

in Norfolk and Brant counties, Elgin and Oxford counties.

This government promised dollars for smoking cessation. Again, my premise is that this has now become a money grab under the guise of health promotion. Do you have figures? How much money is this government spending on helping people to actually quit smoking?

Ms. Daigneault: So far they haven't announced any initiative with smoking cessation products, as they had promised in the last provincial election. I do know that the finance minister yesterday indicated that they are spending \$1.6 million on a smokers' quit line, a special phone line to help smokers quit. That's less than 0.02% of the actual revenue they're making from smokers in direct taxation. When you consider the fiscal year that ended, they took \$1.35 billion from smokers in taxes, and that didn't even necessarily include some of the tax increases they had announced after coming into office. So now we have a third increase, as of last night, of \$1.25 a carton.

I find it interesting that they did it incrementally this time rather than doing it at \$2.50, the way they did earlier when they came into office. I think perhaps that's because the government recognizes there is a threshold and, if they increase them any more, people will go elsewhere to get their cigarettes and that will certainly not help combat youth smoking, because people who are selling cigarettes illegally don't ask for identification.

Mr. Barrett: This finance committee is here to assist the government to make deliberations on taxation and revenue issues in the upcoming budget. They've announced this tax increase right in the middle of our deliberations. I take that the wrong way. We had three expert witnesses yesterday. That announcement was made right in the middle of their testimony.

Just following from your name, MyChoice, we do live in a free and democratic society, an open society. I feel people make choices; other people may deem some of those choices to be ill advised. Gandhi stated something to the effect that freedom also includes the freedom to err. However, in what is increasingly becoming what I refer to as Dalton McGuinty's nanny state, it's becoming the purview of this Ontario government to make choices for people. People oftentimes make errors in their choices. I would indicate that government oftentimes makes errors in making decisions or choices for people. I wonder, is there any comment on this?

Ms. Daigneault: Not everybody does make healthy choices in life. As adults, we all have choices to make. Some of us don't take care of ourselves the way we should. Some of us don't eat properly, some of us drink, some of us smoke. Some of these choices are not healthy ones, but we do have choices in an open and free democratic society. When the government tries to force choice on people, it sometimes backfires. We saw that in the early 1990s, when the taxes got to such a high level. People were not necessarily quitting; they were going elsewhere to get their tobacco products. As I indicated earlier, that's a very dangerous way to go, because if

you're trying to combat youth smoking, as this government claims it's trying to do, those people who are selling the cigarettes illegally are not going to be asking for identification.

The Vice-Chair: The time for questions has expired. Thank you very much for the presentation.

ONTARIO FORESTRY ASSOCIATION

The Vice-Chair: Our next presentation is from the Ontario Forestry Association. Could you please come forward? You will have 10 minutes for your presentation. There will be five minutes for questions afterward. Please state your name for the purposes of Hansard when you begin your remarks. You may begin now.

Ms. Carla Grant: I'm Carla Grant, with the Ontario Forestry Association.

Mr. John Cary: I'm John Cary, from the Trees Ontario Foundation.

Ms. Grant: I'll begin my remarks by thanking the committee for inviting us to provide input into your government's budget process. On behalf of the Ontario Forestry Association, the Ontario Woodlot Association, which could not be represented here today—they're based in the Ottawa area—and the Trees Ontario Foundation, we're very pleased to be here.

We wish to draw your attention to very significant threats facing the sustainability of Ontario's private forest lands. Two issues are important to your budget deliberations: the managed forest tax incentive program, which I will refer to as MFTIP, and tree planting on privately owned lands.

We commend and endorse your government's December 10, 2004, public statement and commitment for protection of Ontario's natural heritage through stronger property tax relief for landowners and conservation groups. The over 10,000 landowners participating in the managed forest tax incentive program are providing government and taxpayers with an inexpensive means to protect and enhance our forest landscape. These forests also provide rural and northern communities with economic benefits such as tourism and recreation and rural economic development.

The MFTIP is repeatedly mentioned as a crucial tool in implementing the greenbelt recovery act and the Ministry of Natural Resources sustainable green spaces initiative in order to achieve government natural heritage and environmental health goals. Landowners are encouraged by government's recognition of their role in protecting and enhancing these important natural landscapes. A strong MFTIP is necessary to bring necessary long-term incentives and recognition to landowners whose efforts result in more green space for southern Ontario.

Your officials at the Ministry of Natural Resources are presently working with the Minister of Natural Resources and stakeholders to develop a taxation assessment method for managed forests similar to the approach used for farmlands. As stakeholders in Ontario's private forests, we applaud and support this initiative and will

continue to work with government in supporting and strengthening the managed forest tax incentive program.

Incentives provide the program to work with a variety of other tools. The regulatory environment being created by government, combined with strong incentives, will assist government in achieving environmental goals. Financial assistance for tree planting is also a crucial incentive to create new green spaces in Ontario.

John Cary will continue.

Mr. Cary: Thank you, Carla, and thank you, Mr. Chair. I'd like to just put a little bit more flesh on that and explain to you what the Trees Ontario Foundation is and what it does, and also what an incredibly successful partnership, called the Trees Ontario Partnership, is doing at the moment.

I think you'll all agree that the southern forests of Ontario are under tremendous threat. They're coming under huge pressure because of explosive development. Really, if we're going to husband that, we've got to expand our tree-planting program.

I'll just speak a little bit to the Trees Ontario Foundation. It was founded in 1994, and its objectives are to fund projects that benefit the environment, specifically those that involve tree planting. We are perfectly accommodating to any other groups that share that particular interest. We want to preserve, protect, restore and improve the environment by promoting tree planting. It's across Ontario, but our focus is southern Ontario. We want to foster an understanding of the environment and the value in enhancing the quality of life by implementing tree-planting projects.

1140

I'm one of the trustees and the president of Trees Ontario Foundation. All those trustees are extremely interested in doing this stuff. One of our major tasks is going out to private industry and government and getting sponsorship, increasing our foundation funds so we can finance this.

The Trees Ontario partnership is an incredibly well-functioning partnership. In 2002, we held a large meeting at Black Creek village and all the institutions and associations that were involved in tree-planting came together. We're about 25 or 30, depending on how you count, of all those folks who are interested in tree-planting; not just putting the trees in the ground, but involving the private nurseries, because you can't do much in tree-planting if you don't have the infrastructure to produce the seedlings that have to go in the ground. So we've got a whole host of folks working with us.

The Ontario Ministry of Natural Resources has been a key supporter, as well as Ontario Stewardship, the Forest Gene Conservation Association, of course the Trees Ontario Foundation, and the Ontario Tree Seed Plant, which is out at Angus and part of the MNR infrastructure.

The Oak Ridges moraine is on board. Part of our partnership is Conservation Ontario. So we've got a really good community partnership at play here. We have a business plan, and that was really premised on the fact of

the collapse of tree-planting in southern Ontario. In the early 1990s it was 20 million a year; now it's a paltry couple of million, partly because of lack of infrastructure and lack of government and public support for this. We wanted to invigorate this exercise and make it work.

For example, if you were to give us money for tree-planting and the Oak Ridges Moraine Foundation money for tree-planting, we couldn't do anything because there are no trees to plant. So we have to generate and support the infrastructure that indeed puts the right seedling in the right place on the right site. So it's very important.

We know, of course, that there's a growing public demand for clean air, for watershed protection, for the value of trees in this rather smog-filled Golden Horseshoe. There are a whole bunch of things going on that I think are increasing the public demand for this sort of activity. Outside cities, of course, the farm owners and rural landowners are facing huge pressure to sell their property or subdivide. Of course, urban sprawl deforests—and I'm talking about deforests, not just cuts the forests down—about 3,000 hectares, or 8,000 acres, a year. Those go into tarmacs, malls and all sorts of other things and they'll never come back to forests. So we're worried about this very threatened forest.

We are at work at the moment. The partnership is working because we're working with the federal government—the Canadian Forest Service, which is part of Natural Resources Canada—to deliver a small program to do with Forest 2020, the Kyoto thing that everyone is talking about. So we are delivering 1,100 hectares through our partnerships. The money is coming into the Trees Ontario Foundation and then we use these delivery agencies, which are chiefly conservation authorities, to put trees in the ground. It's working.

We want to work with government toward environmental health. We think that the greenbelt recovery act is a wonderful opportunity. The MNR's sustaining green spaces in southern Ontario is another tremendous opportunity. We want to participate with government to make these two initiatives work, and all the other environmental initiatives that the Ministry of the Environment has.

Watershed protection is absolutely key. Walkerton and all the rest of that stuff points to making sure that the headwaters of these areas are properly protected. Tree-planting does preserve the quality of the water and it provides all sorts of other benefits as well.

The Chair: You have about a minute left in your presentation.

Mr. Cary: Thank you.

So we hope you will join with us and aid the support you give to the Ministry of Natural Resources for this exercise. Thanks very much.

The Chair: Thank you. Now we'll move to our questioning. In this rotation it goes to the NDP.

Mr. Cary: Hi, Shelley.

Ms. Martel: Nice to see you, John. It's been a long time.

Tell me, what's the MNR support for this initiative right now?

Mr. Cary: At the moment, we don't have any monetary support from them. We have a secondee that's fully paid, so we're very grateful for that. Tim Gray is here for a year and is doing wonderful work because of his contacts in spreading the word and talking to landowners. So we've got support in principle but no money from MNR at the moment.

Ms. Martel: Have you made a formal application to MNR for money?

Mr. Cary: We haven't; no.

Ms. Martel: What's your budget?

Mr. Cary: Trees Ontario is at the moment holding money from the federal government, because that's its only source. Carla, what was the total budget that we had, \$1.2 million?

Ms. Grant: It's \$2 million over two years.

Mr. Cary: It's \$2 million over two years, so its \$1 million a year at the moment. We've talked to MNR about all this; I've talked to Gail Beggs, the deputy, and the minister. They've said, "We'd like to work with you." Money is the problem, of course.

Ms. Martel: Well, it's a ministry that has seen successive, significant cuts, frankly, both under the Tories and under the Liberals—both governments.

Mr. Cary: Yes.

Ms. Martel: What are you going to do, then? You have a contract right now, with some money coming in from the feds and, what did you say, 1,100 hectares underway?

Mr. Cary: Yes.

Ms. Martel: But in order for this initiative to grow, if you don't get some MNR support or another federal contract, you're going to be out there to the private sector and so is everybody else at the same time.

Mr. Cary: That's exactly correct, Shelley. The trustees are meeting up in Kemptville bay in a couple of weeks' time, and that's our task: to discuss our futures. We're determined to go out to private industry, to government, whoever, and get them to give us money in order that we continue this initiative and boost our present levels of two million or three million trees a year in southern Ontario. We've located areas, so we know that there are at least 10 million acres available and ready for tree-planting, so there's lots of opportunity. It's not because of a lack of opportunity; it's the lack of money and infrastructure that's holding us up at the moment.

Ms. Martel: And those 10 million acres are all related to private woodlots?

Mr. Cary: Yes, it's private land.

Ms. Martel: How do you develop your partnerships with the private landowners, the private woodlot owners?

Mr. Cary: We deal with the conservation authorities and the Ontario stewardship folks, who deal with the landowners on a day-to-day basis. They're our key contacts. That's the best way to do it, because these folks know the landowners, can get them on board and persuade them to join us.

Ms. Martel: If you could get some money from the Ministry of Natural Resources, how much would you like?

Mr. Cary: How much would we like? We probably couldn't swallow in a sensible way an annual—we would like to ramp up to \$5 million each year from government sources. We know it would be a push over the first year to swallow \$5 million, because we don't have the infrastructure. But certainly next year we would hope, and I know, that we could spend in a very useful way between \$2 million and \$3 million.

Ms. Martel: You'd be doing two things: not just planting trees but providing good water and safer air. Frankly, it'll be encouraging employment amongst those private nurseries.

Mr. Cary: Yes, exactly. We'll be expanding the nursery capacity, so there'll be more socio-economic spinoffs there. Of course, it takes people to plant trees, so instead of a few hundred tree planters, we'll be into thousands of tree planters.

Ms. Martel: I did that one year when I was 17. It was interesting work.

Tell me, how many private nurseries are you dealing with right now?

Mr. Cary: I'm guessing, but I think about six or seven.

Ms. Martel: Where are they located?

Mr. Cary: There are some up near Angus. There are some over in the east. Cory Lake Nursery is an aboriginal nursery that we're dealing with at the moment, and they're being very good. Any of these nurseries that want to join us in this exercise—nurseries, of course, require some certainty. They're not going to plant beds of trees without some market for them. Again, you have to develop the demand and develop the supply at the same time.

The Chair: Thank you for your presentation.

Mr. Colle: On a point of order, Mr. Chair: Just for my information and the committee's information, I would like research to find out what the potential dollar value is if the commitment continues to give property tax relief to the 10,000 landowners in Ontario who would benefit from the managed forest tax incentive program. I'll put that in writing later. Essentially, I want to find out the potential dollar value of those tax exemptions and changes that are being contemplated and exist for the managed forest program in Ontario.

The Chair: It would be helpful if you put that in writing.

Mr. Colle: OK.

The Chair: Thank you for your presentation.

1150

ADVOCACY CENTRE FOR
TENANTS ONTARIO

The Chair: I would ask the Advocacy Centre for Tenants Ontario to please come forward. Good morning.

Ms. Kathy Laird: Good morning.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Laird: Thank you very much. I'm Kathy Laird. I'm the legal director of the Advocacy Centre for Tenants Ontario. With me here today is Jennifer Ramsay, who is our outreach coordinator.

I want to highlight for the committee members this morning the ongoing and critical need for an expanded affordable housing supply and also the parallel needs of tenant protection, rent regulation and income support. None of this will be new to you. I think you had some presentations dealing with some of this yesterday. I wanted to remind you that the University of Toronto's Centre for Urban and Community Studies has said that we need 18,000 new rental units annually over the next 20 years. That's a big amount.

I guess you're getting copies of my presentation now. I'll try not to read it now that you have it.

Of course, affordable housing isn't just a question of human rights; it's also an economic consideration. I'm not sure if Don Drummond dealt with that in his remarks yesterday, but the chief economist at the TD Bank has made that point in their report, *Affordable Housing in Canada: In Search of a New Paradigm*. We need affordable housing. Otherwise, the inadequate supply is a roadblock to investment, growth, immigration and all those things that make the economy healthy.

I've given you some of the stats. I think you will know some of these, but I want to emphasize a couple of them for you. I always find it shocking to remind myself that 20% of Ontario renter households pay more than 50% of their income in rent. If you think about what 50% of your income looks like and what it would mean to you if it went for your housing payments, that's significant. Of course, renter households make up 44% of this province. So we're talking about a large number of people who are paying an extraordinary amount of their total income for their housing costs. It's no surprise that that puts them at risk of homelessness.

You know the waiting list for social housing is 158,000-plus households. In Toronto, it's 65,000. I want to tell you a little bit about the loss of affordable units in this city. It used to be that 90% of one-bedroom apartments rented for \$800 and less. That was as recently as 1996. It's now 25%, so we have experienced a huge loss of those affordable units, and those are the units we need for our seniors, single parents and people with disabilities. You may not be aware that, although the overwhelming portion of families on social assistance, 96%, are renter households, only 17% of welfare recipients are actually in social housing. So the rest of those people are in the private market, looking for affordable units. Even with today's vacancy rates, we haven't seen rents drop. On the contrary, rents have continued to go up in every CMA in this province except Windsor. CMHC has just released their stats on that. Toronto has the highest two-bedroom rent in the country. It doesn't

matter if we have vacant apartments if those vacant apartments are not affordable to the people who need them.

I've included in here the promises that the government made running up to the election. They were good promises, and we're here to remind them of those promises and hope that we can move forward: affordable housing for 20,000 families; 6,600 units of supportive housing. I've included the \$100 million for housing allowances and the \$10-million provincial rent promise. I think Ontarians took very seriously the government's "vote for change" campaign, and Ontarians will be disappointed if progress isn't made on these promises.

I want to applaud you for the steps the government has taken so far, and that includes the rent bank, the low-income energy fund—which is very important to us, as we can see that energy costs are going to be a big factor in housing costs—and the rent supplement program. The government made an announcement last week about supportive housing. I understand that will translate into 395 new units in this city, which is about \$6.5 million in this city. That's excellent. They were grants to community organizations, supportive housing providers. We need this money on a sustained basis; we need it year after year, and we need flexible programs. That program is tied to the justice system and to a definition of mental illness, but there are people who won't fit within that program, so we need to be able to expand it and build on it.

I've also touched on the shelter allowance issue. I can't be here and not raise that. I want to remind you of those figures. You know, of course, about the Tory cuts to social assistance. The shelter allowance is at \$554 for a mother with two kids. It will be going up to \$570. The average rent for a two-bedroom apartment in Toronto is \$1,052, up again this year. The dollar gap between what a mother on social assistance gets to pay rent and what she would have to pay if she rented the average apartment is \$481. It's important to note that it used to pretty well be a match. Before the cuts in 1994, the shelter allowance for that same family would have been \$707, and the average rent was \$784. So we have a huge and expanding gap, and that is the subject of human rights complaints that we filed with the Ontario commission. We would like to settle those complaints, and we would like to settle them by a government announcement that we are returning to 1994 equivalent rates for the shelter allowance. That's a promise that we hope the government can make and keep.

I've highlighted in here mobile home parks because that's a big source of affordable housing in rural areas, especially in the north. The issue here is safe water and meeting the recommendations of the Walkerton inquiry. There's a need for programs to reduce the cost of providing safe drinking water. Otherwise, we're going to lose that housing, and there is often nothing else in the communities.

I've included in here some promises that won't cost money, because I don't want you to think that everything

we want costs money. There are some things the government can do which will save affordable housing units, and I've listed them here:

—Reintroduce rent regulation on vacant apartments. Let's not lose any more of those affordable units while we're waiting for the new programs and federal money to come on stream.

—Give municipalities the control over demolition and conversion of housing.

—Allow secondary suites. I know this is under consideration. Bring in legislation to allow secondary suites, because that creates affordable units in all communities, integrated throughout the community.

—There's also the municipal planning review underway. We hope that you will make a very strong statement in the provincial policy statement, because this is key. When the OMB tries to decide what to do about ratepayer opposition to affordable housing projects, they look to that provincial policy statement. We see situations now where non-profit, community-based housing providers are spending millions in legal costs to fight ratepayer opposition. This is money that should be going to housing units but is going to downtown law firms. We've been part of those actions. It's really a shame. They often win in the end, but you can cut those legal proceedings short if you do the right provincial policy statement. I know you've gotten submissions on that already, and certainly our organization has submitted one.

The cost of not doing something about affordable housing has tragic dimensions. You know that there are families in the motel strips. I've given you some of the figures on evictions. There have been 377,000 eviction applications in Ontario since the Tenant Protection Act came in. The city of Toronto has done a lot of work on those figures to see what's behind them. The median rent is under \$1,000. Families are being evicted for one month's rent and less. They've looked at the families that are evicted and found that it's usually a short-term financial crisis. Yes, the rent bank will help here but we also need those affordable units to be created. We need a permanent solution. The hardship that happens and the family dislocation are real social costs that are being picked up elsewhere in your budget, and affordable housing could short-circuit that.

We looked at the submissions of the alternative budget group. We support those submissions on increasing the tax revenue, including restoring the corporate tax rates.

I'll leave this with you, and I'd be happy to answer any questions.

The Chair: The questioning in this round will to go the government.

Mr. Colle: Thank you for a very informative presentation, and also, I might say, a very appreciative style of presentation too, because sometimes we get yelled at, which is part of what we get the big bucks for. On the other hand, I think your approach is very productive and I want to commend you on that.

The one thing I'll say is that we had Michael Shapcott here yesterday, who made a presentation. We were talking afterwards and he indicated that there is an imminent announcement with Minister Caplan on some of the capital funding for some of the initiatives. Hopefully, that'll begin to address some of the structural shortcomings we have in affordable housing in Ontario. I'm not sure how imminent it is, but he indicated that there is something. He knows more than I do on this front. That's what we've been waiting for.

Ms. Laird: That's always our experience too, that Michael Shapcott knows more than we do. Hopefully, the announcement will be coming.

Mr. Colle: An interesting thing you mentioned was on the secondary units, the nanny suites. I remember when the city of Toronto introduced that and it was brought into non-conforming use here in Toronto. I find that, despite the fact that it is legal in Toronto, it still hasn't had any impact. I thought it would have greater impact on reducing that waiting list of 65,000 that exists for affordable housing or subsidized housing in Ontario. Do you have any reasons for that? Has there not been enough of an uptake?

Ms. Laird: I think there has been some resistance to intensification in the older neighbourhoods. With the new Toronto official plan, hopefully the public is learning that intensification is the way to go. I do think that a provincial policy statement could partly be useful in that respect. You have neighbourhood groups that are not welcoming of that kind of development. I think we're probably on the cusp of significant change there, and if we have permissive legislation, it can only help. I think we are going to see a change and you will see those units coming on stream, but perhaps not as quickly as we all thought would happen.

Mr. Colle: So you're saying that a provincial policy statement reinforcing the bylaw initiative the city of Toronto took, for instance, would help that.

Ms. Laird: You need to put something in there that says we need housing, ownership and rental for all income groups, and specifically we need to meet the needs for emergency, supportive, transitional and affordable housing. If the province says, "We support this," then all the planning decisions at the city level and in front of local boards, but also at the OMB level—because we do see shocking examples. I'm thinking of the seniors' housing down by the stadium, down on the Lakeshore that recently got turned down. The press reported that Paul Godfrey was involved in that. I can't remember all the details, but there was heavy ratepayer opposition. It was affordable seniors' housing, so you would think it would have gone through. A decision was made by the OMB and there was no substance in that decision.

It will be more difficult for NIMBY organizations to prevent those kinds of developments if you stake that out in a provincial policy statement. I really think we've had some resonance for that issue in the ministries and I'm hoping it'll be coming.

Mr. Colle: You remind me of a battle we had at Lawrence and Avenue Road, Rosewell Court, where

there were excellent affordable housing units. It was essentially English-type townhousing. The proposal was to demolish them and replace them with supposedly high- and middle-end rental. That was the application before the city and, in fact, they went to the OMB and won. Ironically, now it's no longer rental; it is now condominium, and I'm sure the condominiums are in the range of \$500,000 to \$1.5 million each. So we had that affordable housing gone from a stock that's diminishing already.

Ms. Laird: Yes, there's so little affordable housing left, and we're losing rental units at an astounding rate. I didn't bring those figures, but the city of Toronto has them. In this city, we're just losing tens of thousands, and that's bound to eventually impact on the rents again.

Mr. Colle: Most of those for-rent signs that I see going up Avenue Road are basically unaffordable to the people we're trying to—

Ms. Laird: That's right. Rents are not dropping, and it is significant that landlords don't feel the need to drop the rents. They can hold them vacant, so they're not really suffering, I have to say.

Mr. Colle: Although they are renovating, to their credit.

Ms. Laird: They are renovating, absolutely. I grant you that.

The Chair: Thank you for your presentation this morning.

The committee is recessed until 1 o'clock this afternoon.

The committee recessed from 1205 to 1302.

ONTARIO PHYSIOTHERAPY ASSOCIATION

The Chair: The standing committee on finance and economic affairs will please come to order. The first presenter this afternoon is the Ontario Physiotherapy Association. I see you're ready. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes for questions following that. I would ask you to state your name for the purposes of Hansard. You may begin.

Ms. Christina Boyle: My name is Christina Boyle, president of the Ontario Physiotherapy Association. Thank you, Mr. Chairman. We appreciate the opportunity to appear before you today.

The Ontario Physiotherapy Association is the voluntary professional association for physiotherapists in Ontario. We represent approximately 4,500 physiotherapists who are registered to practise in this province as well as the physiotherapy students at the five Ontario universities that offer degree programs. Currently, there are about 7,500 physiotherapists practising in Ontario.

In theory, publicly funded physiotherapy is provided in a range of venues: in hospital in-patient and outpatient physiotherapy clinics; in patients' homes through the home care programs run by community care access centres; in long-term-care facilities; and, currently,

through community-based clinics, known as OHIP schedule 5.

Physiotherapy's one of the few professions that has a significant presence in every segment of health care delivery, yet over the past 10 to 15 years there has been a substantial erosion in access to publicly funded physiotherapy in all delivery streams. Let me quickly review the situation in each stream.

In hospitals, many hospital outpatient physiotherapy clinics have been closed or downsized. The funding has been transferred to other hospital operations, primarily to hiring and retaining physicians and nurses. Today in Toronto there isn't one single general-purpose outpatient physiotherapy clinic left. Outside of Toronto, waiting lists can be up to 10 months for treatment in the outpatient physiotherapy clinics that remain. The government's plan to substantially increase the number of hip and knee replacements can't possibly meet its targets in this environment.

In home care, CCACs are controlling their expenditures by imposing very rigid eligibility requirements for physiotherapy, restricting the number of treatments, usually to about three, limiting physiotherapists largely to consultative roles and cutting off access to treatment when demand exceeds supply.

The scientific evidence on the importance of physiotherapy for seniors, including residents of long-term-care facilities, is particularly strong, yet funding provided by the ministry through the program envelope is inadequate to provide routine, let alone chronic, care. Some long-term-care facilities supplement the ministry's per diem funding by obtaining physiotherapy treatments through the OHIP schedule 5. This alternative will disappear when the schedule 5 clinic is delisted on March 31. Even assuming that all the OHIP schedule 5 money is transferred to long-term-care facilities, those facilities that used to obtain physiotherapy through schedule 5 will experience a reduction in care because the schedule 5 funding will now be spread across all long-term-care facilities, not just the few.

Community-based physiotherapy is about to disappear. G-code clinics were delisted in April 2000. The money saved was supposed to be transferred to the delivery of physiotherapy in other venues, but it wasn't. When G-code 467 was delisted, schedule 5 clinics were the only community-based publicly funded physiotherapy clinics left. As of March 31 they will be gone too, leaving ambulatory seniors and other patients with no other publicly funded alternative but to go to the hospital outpatient physiotherapy clinic, assuming that one exists and patients are willing to brave the long waiting lists.

We understand why the government delisted OHIP schedule 5. The status quo was not and is not supportable. But we do not agree that ambulatory patients should be deprived of access to all publicly funded community-based physiotherapy.

To date, primary care reform has had a very limited application. It has encompassed only physicians and nurses. Attempts to launch multidisciplinary primary care models have thus far been rebuffed by the ministry.

Today in Ontario, access to publicly funded physiotherapy is at an all-time low and is worse in terms of per capita spending than in any other province in Canada. The erosion in access to publicly funded physiotherapy has occurred because of a confluence of events: On one hand, aging demographics and other factors have created unprecedented demand for physiotherapy; on the other hand, funding has been siphoned off, primarily for acute care in hospitals but also to satisfy the economic demands of physicians and nurses. This is the classic borrowing-from-Peter-to-pay-Paul syndrome.

This brings me to the central message I should like to convey today: Health care policy and funding decisions in Ontario and elsewhere in Canada continue to be driven largely by a health care delivery model that revolves around acute care hospitals, physicians and nurses. Today in Ontario we have a severe physician shortage, we have a nursing shortage, we have unacceptably long waiting lists for hospital admissions and we have patients staying too long in very expensive hospital beds because they can't get the physiotherapy they need at home or in the community.

What we should be working toward is a model of health care delivery that provides the most cost-effective care by the most cost-effective practitioners in the most cost-effective place. This model will be more efficient and accessible, encourage all health practitioners to practise to their full scope and allow patients to choose among alternate health care practitioners and venues of care. It will encourage healthy competition in health care delivery that will restrain costs and promote high-quality care. It will make better use of the competencies of the large number of allied health care practitioners that too often are underutilized.

The scientific evidence is clear. We would be happy to provide it to this committee. More effective utilization of physiotherapists and other health care practitioners providing care in non-institutional settings will reduce hospital waiting lists and pressures on hospital operating rooms by delaying or reducing the need for joint replacements and other surgical procedures relating to musculoskeletal problems; allow hospitals to discharge post-surgical patients faster from expensive hospital beds; allow seniors to live independently in the community for longer periods of time; reduce health care costs for vulnerable groups such as, for example, the number of amputations and related problems for diabetics; and, since physiotherapists and most other allied health professions are drugless health practitioners, reduce the reliance on expensive drug therapies.

1310

We are not asking the Ontario government to spend more on health care; we're urging the Ontario government to fund health care more strategically and more cost-effectively by transferring funding to non-institutional community-based care for better utilization of allied health care practitioners, including multidisciplinary primary care. That includes the rehabilitation professions, which can triage the care needed for musculoskeletal conditions.

This government has made meaningful steps toward this new model. In its last budget, the government provided record amounts of funding to community health agencies. Nevertheless, the same budget substantially reduced access to publicly funded physiotherapy for ambulatory patients, and the closure of hospital outpatient clinics continues unabated. We see hospitals continuing the tradition of running up deficits and governments covering them, and governments going back to the table when physicians demand a better economic deal.

In the 2005-06 budget, therefore, we ask the government to recommit itself to the new model of health care delivery by supporting multidisciplinary primary care delivery and funding models; holding the line on funding for acute care in hospitals and for nurses and doctors; providing additional funding to health care delivery by allied health professionals in home care, long-term care, hospital outpatient clinics and in other non-institutional settings; fulfilling its promise that OHIP schedule 5 funding will be fully transferred to the provision of physiotherapy assessments and treatment in long-term-care facilities and in home care; using its powers under Bill 8 to ensure that funding earmarked for physiotherapy is actually used for physiotherapy and doesn't get lost in the hospital's global budgets; and finally, putting in place accountability measures in every health care delivery stream to measure performance and help direct funding to the most cost-effective treatments by the most cost-effective practitioners in the most cost-effective venues.

Thank you very much.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Cameron Jackson (Burlington): Welcome, Christina. It's good to see you. I had a couple of questions. Obviously, the public is somewhat confused about distinguishing between schedule 5 physio, and then physio in a hospital setting, physio that you can pick out of a phone book and don't need a referral to get to and so on. You're stressing to this committee that the government look at additional funding to increase access. Where would your priority access points be?

Ms. Boyle: They would be in the community, so that there is more funding available for those in long-term care, CCACs, but also to look at funding through new visions of primary reform, looking at the new makeup of the family health teams, that it might include physiotherapy. The current thought seems to be more toward physicians and nurses, but not necessarily rehabilitation services. These would provide additional access points in the community.

Mr. Jackson: But I guess I'm sort of asking you to help us determine which patients in need you would set as a priority versus how you deliver the service. You're not implying in your presentation that the government would somehow now pay for the cost of that physio service.

Ms. Boyle: No.

Mr. Jackson: What's implicit is that instead of having to go to a location remote from the hospital or if it's a hospital in-service program, you'd still have to pay out of

your pocket for those physio services unless they're administered in a hospital. We understand that the distinction under the Canada Health Act is that if it's delivered in a hospital, whether it's drugs or whatever, it's paid for, but the minute you step out of the hospital, it's no longer covered. Could you help us? This has a lot of scope to it. Which of the patients in direct need in the province would you prioritize?

Ms. Boyle: We believe the patients in most need of assistance from government through public funding are seniors, those on social assistance, the working poor, those who do not have any kind of insurance coverage in any other fashion. Certainly, physiotherapy can be provided through other venues, as you know—through the Workers' Compensation Board, multi-vehicle accident etc.—but these are the vulnerable populations we wish to protect.

Mr. Jackson: So have you considered, for example, looking at a model—again, we're talking about access, meaning the ability of a patient to pay—similar to the way in which the drug program is delivered, with respect to those on social assistance having access to physio or those who are over the age of 60 or 65 having access to it? Has your organization looked at that or considered that model in terms of not having to pay to receive what most people in this room would agree is an essential health service?

Ms. Boyle: As an association, we have been promoting ideas around thinking of those models. We haven't looked at it specifically as an association at this time. We think it's definitely worth the government looking at it, though.

Mr. Jackson: Have you done any studies into the amount of resourcing at the CCAC level, or have you looked at whether there are large discrepancies between CCACs in terms of the way in which they deliver the amount of service provided for physio? Have you any data on that?

Ms. Boyle: Yes, we have been attempting to look at that. We've done some surveys. We have a network. Through the OPA we have a community care advisory committee, and we're using those resources to specifically ask those questions: What are the variances? What are the average numbers of visits? What are the problems in access? We are finding that the general response coming back is that it's very limited in terms of the number of visits they are being permitted to deliver—often as little as three—that they are, in fact, perhaps doing the assessment to determine what treatment may be needed but are not able to deliver that treatment by a physiotherapist because the funding is not there.

The Chair: Thank you for your presentation this afternoon.

COLLEGE OF PHYSICIANS
AND SURGEONS OF ONTARIO

The Chair: I would ask the College of Physicians and Surgeons of Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation.

There may be up to five minutes for questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Dr. Gerry Rowland: Thank you, Mr. Chairman. On behalf of the College of Physicians and Surgeons of Ontario, I wish to thank you for the opportunity to participate in the pre-budget consultations.

I am Gerry Rowland. I'm a general practitioner in Tillsonburg and the president of the college. Joining me today are Rocco Gerace, our college registrar, who has 25 years' experience practising emergency medicine in Ontario, and Louise Verity, the college's director of communications and government relations.

The college is the licensing and regulatory body for Ontario physicians. We are committed to ensuring the best possible care for the people of Ontario by the doctors of Ontario. We are here today to urge the government to take action to address physician resource issues in the 2005 budget.

It is well known among patients, physicians and policy-makers that Ontario faces a physician shortage of unprecedented proportions. While some important steps have been taken over the past several years, much greater action is required. The results from our 2004 survey of physicians show this necessity for more aggressive action.

In our presentation today we will explain why physician resource issues must be a government priority in its 2005 budget, as well as make specific recommendations for the 2005 budget and beyond.

As the body responsible for registering physicians to practise medicine in Ontario, the college has worked collaboratively with other stakeholders to provide greater opportunities for physicians to qualify to practise in Ontario for several years. All this work has been undertaken from the premise of ensuring that we maintain our existing standard of physician competence in delivering high-quality health care to the people of Ontario.

Over the last few years, government, the college and other stakeholders have taken a great deal of concrete action. Some of these recent successes include:

- the consolidation of all training and assessment programs for international medical graduates, which I will refer to as IMGs from here on, through IMG Ontario;

- the development of a comprehensive assessment program for IMGs. This year, for example, more IMGs wrote Ontario's initial assessment screening exam than ever before. Last year, 515 candidates participated, while only 412 participated in 2003, representing a 25% increase;

- the development by the college of a shadowing policy to encourage IMGs is also a success. It allows them to engage in observation of patient care in a clinical setting in Ontario.

The college has also taken significant action to eliminate barriers to practice, including the development of a college policy on restricted registration for residents in training. In addition, the college has established and

continues to facilitate the physician resources task force, a multi-stakeholder group dedicated to reducing barriers to the recruitment, registration, education and training of physicians in Ontario.

1320

As a result of these and other actions, 2004 is the first year that the college has granted more certificates of registration to IMGs than to Ontario medical school graduates. The total number of licences issued in 2004 was 1,069, 41% representing IMGs and 38% representing Ontario graduates. In addition, the total number of certificates issued in 2004 was the highest annual total in 20 years.

While these advances are important, it has become increasingly obvious that much greater action and attention by government and other health stakeholders is required. Our 2004 survey shows that the profession is aging, working fewer hours and is less likely to accept new patients. The average age of physicians practising in Ontario is now 51 years, up from 49 in 2000.

As one would expect, as one moves toward retirement, the worker decreases the number of hours worked. But this is not the case in medicine. Instead, our survey shows that older physicians spend more hours at their primary practice. As a consequence, when physicians retire, we will lose a disproportionate amount of practice hours as worked by this age group.

Further, the number of general practitioners and physicians accepting new patients has dropped from 39% in 2000 to only 16.5% in 2004. It is also very clear that physicians in younger age groups are spending considerably less time in direct patient care than did their predecessors.

These results demonstrate that the ability of Ontario patients to access physician care will decrease unless immediate and concentrated action is taken. This is why we believe that patient access to medical care must be central to the government's 2005 budget. We have six key recommendations:

(1) We urge the government to provide the necessary financial support to ensure that every IMG can be fairly assessed and, if eligible, provided with training.

(2) We urge the government to increase the post-graduate training capacity within Ontario.

(3) We urge the government to allow Canadian residents studying at international medical schools to apply for residency positions in their final year of medical school.

(4) We urge you to increase domestic capacity further by significantly increasing enrolment at Ontario medical schools.

(5) We urge you to create a health human resources planning body.

(6) We urge you to consider potential collaborative care models.

I will enlarge on those briefly. In assessing and providing training for qualified IMGs, we have long urged the government to provide the necessary financial support to ensure that every IMG can be assessed and, for

those who qualify, provided with continued training. Recently, in an assessment exam coordinated through IMG-Ontario, 515 IMGs, or 25% more than in the previous year, participated. This is a significant step forward, but the challenge now is to ensure that all qualified IMGs have the opportunity to receive the training required to achieve licensure.

In increasing post-graduate training capacity, our second recommendation, the government should also provide for the funding and work with the Council of Ontario Faculties of Medicine to increase the post-graduate training capacity in Ontario medical schools of 1.2 times the number of students graduating. This must be done in addition to spaces for additional Ontario IMGs.

We must tap the valuable resources of Canadians attending medical schools outside of Canada. Presently, a physician must graduate from medical school before being able to apply for a residency position. Studies have shown that these physicians have a tendency to remain to practise in the areas in which they had their residency training. Allowing them to apply in medical school for Canadian residency positions would encourage them to return to Canada when they are eligible to practise.

Steps must also be taken to increase our domestic capacity. While the new northern Ontario medical school is a step in this direction, we believe that further action should be taken.

Create a health human resources planning body, as we have advocated. Human resource planning in Ontario is almost nonexistent in the field of health care. In fact, a decade ago, Ontario responded to erroneous projections with respect to the province's need for physicians and cut enrolment in medical schools. This has resulted in the doctor shortage we experience today. We feel that such a body would have many long-term benefits and would have the increasing benefit of strategic forecasting of physician human resource needs so that government, universities and health care profession licensing bodies will all be in a significantly better position to ensure that we have the facilities and resources to educate, assess and register health care professionals in order to address our needs.

Finally, collaborative health care models: While the focus of this presentation has been on physician resources, we recognize that a major part of the solution is to better utilize and constantly re-evaluate the role of each of the various members of the health care team. Our system is changing, and the degree that delivery of care no longer takes place through exclusive individuals is undeniable. The college is prepared to seize the opportunity to re-evaluate and change its regulatory framework to ensure that regulation methods of the past are not standing in the way of new and better modes of health care delivery. The health human resources planning body should take on the project of developing and considering a variety of potential collaborative care models and making recommendations as to their use.

In summary, we believe it is imperative that concrete action to improve patient access to physicians be a major

focus of Ontario's 2005 budget. We have put forward what we believe to be workable solutions for this year and beyond, and we look forward to continuing to work with the government, the public and other health care stakeholders to ensure the best quality care for the people of Ontario by the doctors of Ontario.

I would be pleased to answer your questions.

The Chair: Thank you. The questioning will go to the NDP.

Ms. Martel: Thank you for being here today. I'm going to start on page 5, where you talk about Ontario responding to erroneous projections. You mean the whole country did, because in fact it was the federal, provincial and territorial Ministers of Health who responded, and any jurisdiction that had a medical school took a cut. That cut here in Ontario was at the U. of T. So everybody made a mistake. It would be a very good idea to have a planning body that had some accurate information, because what we responded to, along with everybody else, was very bad information about physician resources for the future.

A number of us have received a letter from a young woman who is actually studying at medical school in Ireland. This goes back, I'm hoping, to your point 3, about Canadians attending medical schools outside of Canada. Her concern was that as an Irish graduate she was not allowed to enter into the second round of the CaRMS match. She felt that, given the training that they are receiving in Ireland, they should be able to do that. They shouldn't have to wait a further two years, following graduation, in order to get a post-graduate training position. Does your number 3 respond to her concern?

Dr. Rowland: Briefly, yes, indeed it does. That is exactly our intent. I'll let Dr. Gerace enlarge on that.

Dr. Rocco Gerace: Absolutely. We feel very strongly that, much like Canadians who go to Canadian medical schools, Canadians who go to medical schools abroad should have the opportunity to apply and be accepted into residency positions through the IMG program; so that there would be an assessment, but that slots be made available for these individuals to come back to Ontario and do their training here, recognizing that doctors tend to stay in the jurisdiction in which they do their post-graduate training.

Ms. Martel: But we currently have a ranking. We would accept British medical students, for example, or American medical students more readily than we would those from other jurisdictions, would we not? There is a ranking right now that would allow you easier access into the IMG program. Am I correct in that?

Dr. Gerace: The number of post-graduate training positions are equivalent to the number of graduates from medical schools in Ontario. Currently, those eligible to apply are graduates of North American—primarily Canada and US—medical schools. No students who are going to school outside of North America are eligible to apply during their final year of medical school at this point in time.

Ms. Martel: The second issue that was raised had to do with, even though we have spots open—and maybe

you can tell me if it is true that last year, a number of spots in family medicine were not filled. The information I was provided was that last year alone there were 21 positions unfilled after the second round of CaRMS in family medicine. We need more physicians, but we're not even maximizing our available training positions. Would that be a correct statement? Who's making the decisions, then, about leaving positions unfilled in CaRMS two?

Dr. Gerace: That's correct. The positions were not filled because there were not enough eligible candidates at the time of the match. The suggestion is that by allowing internationally trained individuals early access to the match and, even before the match, access to an assessment, we think that will allow these slots to be filled to capacity.

1330

We also think we should be recruiting residents from North America. Again, understanding that individuals will stay in the jurisdiction in which they're trained by increasing globally the number of postgraduate positions, we're hoping that even Canadian medical students will be able to access these increased positions. Currently, with the number of postgraduate positions equal to the number of graduates, we anticipate that there are a number of people who would like to come to Ontario but who, because of the first round of the match, get matched elsewhere and so then are lost from the pool.

Ms. Martel: Right, and that means they don't come back after that. They stay where they are.

The Chair: Thank you for your submission this afternoon.

ONTARIO CHIROPRACTIC ASSOCIATION

The Chair: Would the Ontario Chiropractic Association please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Dr. Dean Wright: Good afternoon. My name is Dr. Dean Wright. I serve as the president of the Ontario Chiropractic Association. Beside me is Dr. Bob Haig. He serves as director of government and professional affairs. I'll be brief in my dissertation so we allow time for questions.

We realize the budget development process is a very challenging process, as the government realized last year. A big part of this budget development process is health care costs. They are a huge part of that. Our recommendations will be directed toward the health care budget. We ask that you seriously consider the recommendations we put forward. A great deal of time, energy and analysis has been placed upon these recommendations.

Last year the government announced in its May budget, and then enacted, the delisting of chiropractic services, or to stop funding for chiropractic services. This

was a hasty and poor fiscal decision, without consultation or analysis with the appropriate parties. It was unwise in that, instead of saving money to allow for other health care provisions such as cancer and reduced waiting times, this process did not allow this to occur. As a result, patients who would normally see a chiropractor for effective and useful care have been forced to attend scarce family physicians or overburdened emergency rooms to receive care, where they should not be. They're non-emergency patients in an inappropriate setting.

Some of the experts have spoken strongly about this. The national health service consulting group of Deloitte, a very well respected health service system expert, states clearly that by delisting chiropractic services you will increase visits to physicians by 1.3% to 2.6%; emergency room visits will increase by 7% to 14%. While the government has spoken to saving \$100 million a year, Deloitte clearly states that they will not save money; they will spend anywhere from \$12 million to \$125 million more per year.

Furthermore, a Pollara poll in June 2004 stated that 79% of the public felt that by delisting chiropractic services you would force patients to attend physicians in emergency rooms for these services.

As we sit here right now, patients who would normally receive effective chiropractic care at a cost to the government of \$9.65 per visit are sitting in emergency waiting rooms, costing the government in excess of \$150 for that visit and causing a further jamming of the system. These people aren't meant to be there. They're not helping the hospitals.

The government recently offered some funding to hospitals to help bail them out of a financial issue. How does delisting chiropractic services, which places a further burden on the hospitals, help this process? These people are non-emergency patients and they're bottling up the emergency room situation.

Further evidence came out last year. In America there was a study done and reported in the Archives of Internal Medicine, which is an American Medical Association journal. The study analyzed 1.7 million people: 700,000 of them had access to chiropractic services under managed care; 1 million did not have access. In the study they found that the overall health care costs for the individuals who had chiropractic services were reduced by 1.6%. If you were to extrapolate that into the Ontario health care budget of \$31 billion, that would be a saving of \$500 million. Imagine what you could do for wait times or cancer care with that kind of saving.

Something else happened with delisting. When you delisted chiropractic services, this also affected physician service. When chiropractors referred to a public hospital for X-rays, it was covered under a radiologist through the hospital. With the delisting of chiropractic services, this is no longer available. This is catastrophic for some patients and for their health care. As a result, a chiropractor must now refer back to a family physician, which increases the cost to the Ontario government and increases the wait time for the patient to have access to the

X-ray. While many chiropractors have X-rays in their office, a number do not. Anywhere from 30% to 40% of patients referred by chiropractors for X-rays are referred to the public hospital setting. While only 15% of patients require X-rays, those X-rays are crucial for a proper diagnosis and, most importantly, for the safety of the patient.

We are dramatically affecting the health care of the people of Ontario. One case that comes forward: A chiropractor referred for an X-ray to a family physician. It was denied, and therefore there was a delay in the diagnosis of a spinal tumour. I dare say, none of us around the table would want that to happen to our health care.

Nine dollars and sixty-five cents may be a reasonable amount for some people to afford, but the cost of an X-ray can be \$50, \$60, \$70. Many are unable or unwilling to pay that kind of fee to have access to X-rays. The bottom line is that by doing this you're dramatically affecting health care for the people of Ontario and increasing the cost for the government.

Over the last 10 days, you've heard a number of patients reporting how delisting chiropractic services has adversely affected their health care. It's not just affecting the individual's health care; it's affecting the health care system of Ontario, a system where we try to work on collaboration, integration and primary care reform. This process is separating health care providers, not bringing them closer together. It's creating a burden for the people of Ontario in their health care, it's creating a financial burden for Ontario and it's adversely affecting the health care system.

Given the abundant evidence—and there is a quite a bit—the government needs to look at the delisting of chiropractic services and work toward a solution which integrates chiropractic services into the public health care system.

The Ontario Chiropractic Association has always been, and will continue to be, willing to work on solutions that improve the health care system of Ontario, both financially and in terms of effectiveness. The process that has gone on has not worked for the benefit of anybody. I'll say it again: It has not been a benefit for the people of Ontario, it has not been a benefit for the health care system, and it's not a benefit financially. There is no evidence to prove that what the government has done is an effective measure. There is a great amount of evidence on the other side saying this is not a wise decision, so why has it been done?

I'll leave some time for questions now.

The Chair: Thank you. The questioning in this round will go to the government.

Mr. Wilkinson: Thank you for coming in. Indeed, there have been many chiropractors and patients who have come to see us last week and this week. I just have a couple of questions.

I've never been able to get a satisfactory answer—I've been looking at the Manga report and the other things, Deloitte and then the new study, I think from California. There was at least a partial delisting in British Columbia.

Following your logic, emergency rooms in British Columbia should be backing up. They should be backing up here in Ontario as a result of the decision. Where is the evidence that that is happening?

Dr. Wright: I don't believe an effective analysis was done in BC. Let's be very clear: In the end, the minimum that should have been done was to take care of those people who are financially challenged. In Ontario, no provision whatsoever was made for that. There was no provision for those who were poor, who were financially challenged. In BC, they made that provision. They allowed for individuals who are making less than \$24,000 a year to have access to 10 treatments. Those are the people who will be affecting the emergency rooms. It's not the middle-income earners or the high-income earners; it's the poor. As a result, BC is not a good example to look at, because they still allow that provision.

1340

Mr. Wilkinson: Would it be your contention, then, that the government should be looking just at the question of economic fairness, at those people to whom the \$9.65 is the greatest burden? I have plenty of friends who are chiropractors. We've asked this question, and all parties have: Has your practice gone down as a result? We've actually had some chiropractors who said that their practice has gone up.

Just the other day, I received at my apartment here in Toronto at the Manulife Centre a little piece of paper from the Yorkville Chiropractic Centre telling me, "Now that OHIP has shifted to patients, extended health care coverage begins from day one!! Call today." So we've got to focus in on the people who need the help.

Dr. Wright: Let's be clear: Yorkville Chiropractic Centre, not financially challenged. Period.

Mr. Wilkinson: I know very few chiropractors who are financially challenged.

Dr. Wright: The issue that concerns us here is that there are people who are trying to access chiropractic care who will now be challenged. You may not hear about them right now, the ones who haven't got appropriate care and who will trot into the ER several months down the road. There's also a bit of naïveté in taking a look at the EHC process there. It's not a simple process, and it doesn't work that easily for everybody. Some people have extended health care insurance. In fact, the number who have appropriate access to chiropractic services the first day is not as high as we're being made to believe in that statement right there.

Bob, you wanted to add to that?

Dr. Bob Haig: I wanted to say two things, if I could. First of all, you're right: Chiropractors' practices may not go down. But the patient demographic will shift, and the poor people won't be able to get there. The working poor and the unemployed are not going to be able to get there. Those are the ones who are going to add the increased burden to Ontario's health care system.

You talked about the fairness issue. We're not talking about the fairness issue. Quite frankly, we're talking about exactly the same thing the physiotherapists were

talking about half an hour ago; that is, finding a way to make sure you're measuring performance and making sure you're getting the best bang for your health care buck, because now you're not, and we know you're not. It's important to make that point.

Mr. Wilkinson: I appreciate that. Logically, then, you're probably moving to a position where you're going to ask the government to look at having some kind of means test to help those people where the \$9.65 a visit times 15 is a burden. I'm assuming that your position will kind of evolve toward that point in just a question of justice.

The other question, of course, is that chiropractors are not—we have a publicly funded health system, and you're private operators. I've haven't had any chiropractors say to me, "Listen, we want to go under the OHIP system. We want to be part of the publicly funded system. We'll stop being private business people, like doctors, and go into a system where we just get paid by the government."

Dr. Wright: We have been working for a number of years on an integrated health care project. We have one chiropractor who has been seconded to the Ministry of Health to work in terms of looking at having a chiropractor covered under a salaried service as opposed to a fee for service. We're very interested in that and in seeing what kind of impact that has on health care delivery. We've worked toward that.

To address your point about provision for the financially challenged, we talked to the government a number of times. They made some changes, in terms of optometry, to allow access for certain health care issues to people who are financially challenged. We've been very open and willing to dialogue on all these issues. We're not against that process, and we'd be very interested in seeing what the research garners from that. That's why we've spent a tremendous amount of time and money toward that integration project.

The Chair: Thank you for your presentation this afternoon.

Mr. Jackson: On a point of order, Mr. Chairman: Following the testimony from the Ontario Chiropractic Association, I move that the Ontario government review the 2004 budget decision to delist chiropractic services from OHIP and determine how best to incorporate chiropractic into the health care system to help meet its health care goals, including reduced system costs and improved collaborative, and coordination of, primary care.

The Chair: Thank you. If you provide that in writing, it will come up again at report writing time.

ONTARIO CAMPAIGN 2000

The Chair: I would ask Ontario Campaign 2000 to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for Hansard.

Mr. Colin Hughes: Certainly. My name is Colin Hughes. I'm with the Children's Aid Society of Toronto. I'm here on behalf of Campaign 2000, which is a pan-Canadian coalition seeking implementation of the 1989 House of Commons' resolution to end child poverty. I'm here, of course, to speak about child poverty in Ontario.

We released our annual child poverty report card this past November. It shows that Ontario has a persistent and big child poverty problem. There are 373,000 children living in poverty in this province, and that's a 35% increase since 1989. The rates of child poverty are also particularly high among vulnerable populations such as lone-parent mothers, children with disabilities and newcomer families. Between a quarter and a half of these groups can be living in poverty. Typically, these families live on incomes quite far below existing poverty lines, about \$9,000 plus. We're also finding that there has been a lot of economic growth and, with that, employment, but that employment alone is not necessarily a ticket out of poverty.

We are making a number of recommendations to tackle child poverty in this province. We're pleased to see that there have been some initial steps in the previous budget to address this problem in the areas of minimum wages, the small increase to social assistance and so on. Those are positive signs. We would draw your attention to—this is in more detail in the attached brief—good jobs as benchmarks, child income benefits, early learning and child care, affordable housing and a renewed social safety net. These are five key areas where social investments need to occur for us to move forward on the issue of child poverty.

There are more detailed recommendations in the brief, but I want to highlight four key and specific policies that we'd like to see addressed in the 2005 budget. The first one, and this is absolutely key, is to make the federal child benefit supplement work. The national child benefit supplement was intended to address child poverty, and it can't do its job because it is clawed back from families who are on social assistance. So a large portion of this province's poor children are not benefiting from the national child benefit because it's simply taken away from them.

Let's look at how much that is. That comes to about \$122 per child per month. That \$122 will buy, for a single parent with a child, about half a month of groceries. That's a lot of money. It may not sound very significant to many people, but for low-income families that's a huge bite out of their budget. You have a Liberal government commitment to end the clawback. We think you should do it now, and this budget is the time to do it in. So we really urge you to move forward on that.

The other area is to increase the target for the minimum wage. We're pleased that the target of \$8 an hour is being pursued; it was frozen for far too long. We do think that an adult who is working full-time, full-year in this province should not be poor, and to raise more people from poverty you need to increase the target to \$10 an hour.

The other area is to increase social assistance benefits to meet recipients' shelter costs and basic needs, and to index those benefits to the annual rate of inflation. Again, we were pleased to see the 3% increase to benefits made in the last budget, but we need to make continued improvements. The rate cuts of 21.6%, plus 11 years of inflation since those rate cuts, have really taken their toll, so we have to work on achieving benefit adequacy. It's also interesting to note that the report by MPP Deb Matthews highlighted that low social assistance benefit rates are an actual barrier to employment, because people are struggling to survive. When you're dealing with just surviving, it's hard to make the necessary transitions to employment or take other steps that one needs to take to move forward to greater independence. So we see benefit adequacy as being absolutely critical to supporting these kinds of transitions to independence. This was also highlighted in *Transitions*, the 1989 SARC report, the Social Assistance Review Committee report. Adequacy is absolutely key.

1350

Finally, the other key area is child care funding. There is a \$300-million commitment by this government to child care, plus there is substantial funding coming from the federal level in child care. We haven't heard a statement that this money will be going into non-profit care, and we think it is absolutely key that the funds flow into non-profit care, where quality is most likely to be.

I'd like to quote the Honourable John Sweeney, who, as you know, was minister back in 1987 when the Liberal document *New Directions for Child Care* came out from the Ministry of Community and Social Services. The Liberal government at that time said, "The government is determined that future child care growth will be in the non-profit sector. Expansion of this sector is consistent with the move to recognizing child care as a basic public service." So we would really urge that in this budget there be a clear statement made that new funding for child care expansion will be in the not-for-profit sector.

Those are the four key points that we wanted to make. I would open it up to questions. Thanks very much for hearing us.

The Chair: Thank you. The questioning in this round will go to the official opposition.

Mr. Jackson: First of all, Colin, thank you for being here today. I'm glad you advised us you're with the CAS, because we know they're running a bit of a deficit this year, a carry-over from last year.

You must see a significant number of children at risk who are also marginalized in the context in which you've presented to us today.

Mr. Hughes: That's correct.

Mr. Jackson: A disproportionate number?

Mr. Hughes: Indeed. Most families we see are poor.

Mr. Jackson: Although it didn't make the list of your top four, your real list is much larger, which you've provided us in your brief. That does include supports such as adequate funding for CASs to cover the increase in child protection issues.

Mr. Hughes: Yes, if I could comment on that very quickly, I do work in the prevention end. Child poverty does push more families into the child welfare system, and it's a risk factor for just about anything you wouldn't want for your own child. In fact, it is seen as one of the key determinants of health. I notice that there are people here from the health care area. As with other areas, child poverty is just one of those key fundamentals that has to be addressed or you're going to put strain on all other parts of the system. It's really not necessary in an affluent society such as ours.

I'd also note that it's so critical, as part of addressing child poverty, to be rebuilding our social safety net. Community supports are also significant, and more structural ones around income security, and that includes minimum wages and social assistance.

Mr. Jackson: Mr. Chairman, do we have the actual costs that would be associated with the Liberals honouring their campaign commitment of eliminating the claw-back on the national child benefit supplement? Do we have a number?

The Chair: That could be a question to research if you want that.

Mr. Jackson: If research could get back—do you know the number?

Mr. Hughes: Yes.

Mr. Jackson: Why didn't I go to Colin?

Mr. Hughes: I think it would be useful for finance—and finance should take the lead to look at how it can end it, because the money that is taken from these children is used to fund other programs. We're not necessarily wanting to see these other programs go. I believe the figure would be somewhere around \$200 million, but it may be less than that; \$120 million goes into the child care supplement for working families, which is actually a work income supplement; it's not really child care.

Mr. Jackson: We'll get the figure, but that's helpful.

Colin, just to let you know, the minister responsible for children was sitting in your seat, I was sitting in this seat and Ms. Martel was sitting in that seat when Ms. Martel asked her the question which you raise in point number four. Since Shelley can't get to the microphone in this round, I'm going to clarify that, when we asked the minister, she was very clear and unequivocal that the commercial and not-for-profit would be treated equally in the province. So even though you've come forward with the suggestion, this minister and this government—having sat in the House with Mr. Sweeney for many, many years and sharing his passion for social policy, the quote really isn't applicable in this century, unfortunately.

Mr. Hughes: It's unfortunate, because the investment really does need to go toward quality.

Mr. Jackson: For the record, I don't agree with it, but that's understandable. The same minister has been asked if she thinks there's a difference in quality and she says there isn't. So as long as there isn't a clear distinction in quality, I don't see why we would discriminate. But anyway, I appreciate your point. I just wanted you to

know that that has been resolved by the government in a very public fashion, for the record. Thank you for coming today.

The Chair: Thank you for your presentation.

FILMONTARIO

The Chair: I would ask FilmOntario to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Brian Topp: My name is Brian Topp. I'm the executive director of ACTRA Toronto. We represent 13,000 performers working in Ontario's film and television industry. I'm also co-chair of FilmOntario, a consortium of Ontario's film industry producers, production companies and suppliers, and the unions and guilds representing the people who work in our business. I'm here with my colleague, Sarah Ker-Hornell, who is the managing director of our consortium.

We're here to tell you a little bit about our industry and to urge that your committee and the Legislature support and give speedy passage to film and television tax credit improvements recently announced by the Premier, the finance minister and the culture minister.

Let me begin by talking a little bit about the industry, and then Sarah Ker-Hornell will speak about the importance of those credits.

The province of Ontario is Canada's broadcast and film centre, and that's been true for many years. Our outfit, ACTRA, has been in business more than 70 years. It was founded as an outfit called RATS, which represented radio announcers and performers working for the CBC in the early 1940s. We've had our ups and downs since then and some have been exciting, but the story during the 1990s was one of remarkable growth.

In 1993, the total film and television production business in Ontario was worth \$338 million. By the year 2000, which was only seven years later, our industry tripled to more than \$1 billion. That's 300% growth in seven years. That's pretty good in anybody's book, I think you would say. It came from two sources. It came from the slow and steady growth in Ontario's traditional strengths. We've always been Canada's broadcasting centre. This is where our broadcasting companies are, where Canadian films are headquartered. That business roughly doubled between 1993 and 2000. It went from \$269 million to just shy of \$500 million. It came from the extremely rapid and remarkable growth in foreign service work. Foreign service work was only worth \$68 million in 1993 but it was worth \$543 million in 2000—an eight-fold increase in seven years.

Then growth stopped dead. We had a zero-growth year in 2001, we had another zero-growth year in 2002, and then we dropped roughly \$200 million in 2003. That trend—an end to growth and then a pretty sickening decline—was driven by a number of reasons.

Infrastructure: We don't have a world-class, purpose-built studio in Ontario, and that's an issue that we need to work on.

We're facing new competition. British Columbia and Quebec saw a good thing going and adopted our methods, plus they built some studios. Smaller provinces like Manitoba and Nova Scotia moved in for a piece of the action. Then Australia and New Zealand and Eastern Europe and now 43 US states have moved to take on Ontario through programs of tax incentives modelled on ours.

The market changed. People in North America stopped looking at Movies of the Week, and we used to make a lot of those here.

Nationalism, brought to you by my brothers and sisters in the labour movement in the United States, who had the idea that American filmmakers and American broadcasters should have 98% of the Canadian film market and 80% of our prime time, and keep 100% of the jobs. This is like the auto industry saying they should have 100% of the Canadian market and all the cars should be made in the United States. They have been driving what's called a "runaway production" campaign that's been suppressing opportunities in Ontario.

1400

The rise of the dollar.

SARS, which I think in many ways, including in our industry, was unhelpful.

The federal government's poor regulatory policies: The federal government allowed one of its agencies, the CRTC, to put through a disastrous 1999 television policy that has relieved Canadian broadcasters of their obligations to run Canadian shows in prime time, while they keep all the revenues. The result is a dramatic decline in the market for domestic production.

I draw your attention to this, as Ontario legislators: Explicit anti-Toronto policies are being pursued by the federal government. The federal government pays producers to not produce in Toronto.

Finally, and I regret to say that this was really the key issue, Ontario's past position was the province with the least attractive provincial tax credits in Canada. It was an example of sitting on our laurels, I think.

If you stack all that up with the key economic issue that we were facing on the tax credit situation, it's remarkable that we were able to hold on to as much of the market as we did.

We're facing an increasingly daunting environment, one in which we're clearly looking at a very significant continued decline in production. That's why we were very pleased indeed with the government of Ontario's announcement in December that provincial tax credits were going to be reviewed. We're here to commend those measures to you today.

With your indulgence, Mr. Chairman, I ask my colleague, Sarah Ker-Hornell, to speak to you about that announcement.

Ms. Sarah Ker-Hornell: Thank you. My name is Sarah Ker-Hornell and I'm the managing director of the

industry consortium, FilmOntario. For those of you who aren't aware, FilmOntario is the first film and television consortium of its kind in Canada, as the membership consists of over 45 business leaders, as well as industry-specific unions, associations and guilds comprising a total of well over 30,000 members and staff specific to the film and television industry.

One of our colleagues put it very well during our discussions with the government last December when he said that tax credits are now the currency of the global film and television business. As Brian has outlined, we're facing a number of unfavourable trends and circumstances. But there is no question at all that in a relentlessly bottom-line driven business like ours, Ontario's former status as the province with the least-attractive tax credits in Canada was costing us a significant volume of work, and was going to cost more.

How much did it cost us? The Ontario producers' panel of the CFTPA, which is the Canadian Film and Television Production Association, estimated that uncompetitive tax credits had directly led to the exodus of some \$700 million in production from Ontario between 2001 and 2003.

Was it going to get worse? Likely, very much so. The perfect storm we found ourselves in was adding up to a very compelling financial case to move productions out of Ontario. For example, domestic incentives were 50% higher in several western provinces than in Ontario. Foreign service incentives were more than 300% higher in some of those jurisdictions.

So that's why people in our industry were so pleased that the government included a commitment on this issue in its 2003 election platform. As Premier McGuinty and Finance Minister Sorbara argued, addressing those tax credits was an essential first step to reversing the unfavourable trends we found ourselves in. We're very grateful to the government for making those commitments. We're also grateful to the Honourable Marilyn Churley for helping to keep this issue on the public agenda, and we're grateful to the Honourable John Tory and to the Honourable Jim Flaherty for keeping this commitment before the Legislature until it was acted on. The support of the government and of all three political parties in the Legislature has sent a clear signal that Ontario is committed to preserving and building its film industry.

And with these new film credits in place, we're positioned to do just that. I can tell you from our members that these changes will radically improve the economics of our business. On the domestic side, Ontario will go from having the worst tax credits to some of the best. When you combine that with our inherent advantages—our proximity to broadcasters, the depth and breadth of our industry here—that should translate directly into a very significant recovery.

On the foreign service side, the proposed increase to the foreign service tax credit significantly offsets the rise in the Canadian dollar and puts us in a good competitive position vis-à-vis Ontario's key competing jurisdiction,

which is the United States. Again, the result should be a very significant recovery.

This kind of increased activity will translate directly into more jobs and more production in Ontario, fully financing the cost of the credits. I can tell you, Ontario producers' phones started ringing with new projects as early as the afternoon of the announcement. So we want very much to thank Premier McGuinty, Finance Minister Sorbara, Culture Minister Meilleur, the government and all three parties in the Legislature for their help and support on this issue.

We urge this committee to recommend the inclusion of these proposed tax credits in the next budget, and to recommend speedy passage.

Once these credits are in place, is our work all done? I'm afraid that, no, it's not. There will be a lot more work to do together to build this industry.

Now that we're going to have the economics right, we're going to need to get the word out to maximize the return on our investments. Ontario showed what it could do in the global marketplace with our post-SARS tourism marketing efforts. FilmOntario is going to continue to partner with the government of Ontario and the city of Toronto to market our province as a great location for film production. We hope the government will consider doing more with us to build our global brand as a production centre.

We need to work together to persuade the federal government to stop discriminating against our province by paying broadcasters not to produce in our major film centre, Toronto. We need to work together to address the infrastructure challenges we still face. But the main thing today is that we've made a wonderful start with these enhanced tax credits. Please support them. They're going to pay off for our industry, for everyone who works in it, and for the province of Ontario as a whole.

The Chair: Thank you, and the questioning will go to the NDP and Ms. Martel.

Ms. Martel: Thanks for being here today. I also want to thank you for mentioning Marilyn and the three or four questions she raised in the assembly on this. I will let her know you did that.

It's referenced a little on page 6 as I was reading through this, but maybe you can describe it better to me, because I was going to ask, are the tax credits enough to deal with the rise in our dollar against the American? I don't pretend to understand fully how these credits work and how they work on the foreign service side. Is it going to be enough? Are we going to be OK?

Mr. Topp: Well, we'll see. One of the aspects of the announcement was a commitment by the government to review the foreign service credit on an annual basis, and that's smart, because you've got a highly dynamic business here.

I've talked to a lot of US studios about the economics of film production in Ontario. They were very happy when we had a 63-cent dollar. They were OK when we were in the mid-70s. When you get into the mid-80s, then you get to the point where the purchasing parity is basic-

ally getting to the US dollar rate, and the economics don't bring you to Ontario any more.

The net effect of this tax change to US service production is, in effect, to reset the dollar back into the mid- to high-70s. It gets us back to about where we were last year, and that was an excellent place to be. It's a good start, but we have to watch it. This is one of the most mobile forms of capital out there. We'll have to see whether it works.

Ms. Martel: You said part of the announcement was that the government is going to review the foreign service side of this on an annual basis. Are you going to be part of that? Have they given you that commitment, that you will be involved in that process?

Mr. Topp: We're happy with how we were listened to. They did tell us they would work with us, and we're hopeful that we will be involved.

Ms. Martel: You outlined other issues that had been challenges; for example, purpose-built studios. You were talking about the competition in British Columbia and Quebec. Do you have applications in to the government now, outside of the discussions that were going on immediately about the tax credit and for the government to live up to that promise? What kind of discussions, if any, have you had on that side? How much of a challenge is this in terms of us keeping the advantage we now hope to have with the change in the tax credits?

Mr. Topp: The infrastructure issues are significant; there's no doubt about that. Ontario is a very competitive film and television production centre. We can shoot 40 productions at the same time in this town, but we don't have a large purpose-built film studio. We're basically working out of warehouses in this town. You can do a lot with that physical plant. We shot Chicago here. It got a bunch of Academy Awards. We shot Cinderella Man. You can do big movies in this town. But the really big movies, the US\$150 million to US\$200 million, X-Men 2 kind of movies cannot shoot here, because we don't have the infrastructure to do it.

The city of Toronto has been working with a series of bidders to consider building such a studio on the waterfront. TEDCO is in the process of working with a winning bidder right now to get that through. That process is extremely, painfully slow. The result has been that a building that you can build in months has been delayed for years. It would certainly be no bad thing for the province to state its interest in seeing this done and to urge all the players there to get on with it, bearing in mind that we understand there are complicated issues; it's a brownfield site and it's not simple to do. But there is no question that it's a big issue, that that construction project is important, and that if it doesn't go ahead, we're going to need to come up with something else quickly.

1410

Ms. Martel: So the city of Toronto is essentially the proponent of moving it forward. Is there no provincial-federal involvement at all in negotiations, some form of commitment, even if the amount of money is not disclosed?

Mr. Topp: I don't pretend to understand the complexities of the waterfront development, but there sure seem to be a lot of players there and there seem to be a lot of overlapping land ownership and provincial, federal and municipal environmental issues. So it's hellishly complicated to get anything done on the waterfront, which is a far bigger issue than our little studio project. But let's be clear: The studio project is really a big thing for us. So it's one example of how all levels of government and TEDCO and the other players need to get their act together and get moving on issues like this. If you could get that studio production in, you could see a remarkable increase in growth in this industry.

The Chair: Thank you for your presentation this afternoon.

Mr. Colle: On a point of order, Mr Chair: I'd like to include a motion for consideration at the report-writing stage.

I move that the standing committee on finance and economic affairs recommend that funding for enhanced tax credits be included in the upcoming budget as per the announcement made by Finance Minister Sorbara in December.

The Chair: If you will provide that in writing, it will go to the report-writing stage.

Thank you for your submission this afternoon.

Mr. Topp: Thank you, and thank you so much for that motion.

CANADIAN INSTITUTE OF PUBLIC AND PRIVATE REAL ESTATE COMPANIES

The Chair: I would ask the Canadian Institute of Public and Private Real Estate Companies to please come forward.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Michael Brooks: Thank you very much. My name is Michael Brooks. I'm the executive director of CIPPREC, if I can use that shortened name. Our group is basically the public real estate companies, TSX-listed REITs, the real estate arms of the banks, the life insurance companies, the major pension funds and large private companies coast to coast. Our members would own investment property in every asset class, including nursing homes and hotels, in excess of \$80 billion. Most of that is in Ontario. That would be in both 416 and 905 and in smaller centres throughout the province.

On my right is Chris Conway, who is our director of government relations.

First, I'd like to thank all parties in attendance here today for the passage on December 16 of the Trust Beneficiaries' Liabilities Act, which was very important to our industry—it provided for limited liability of unitholders of income trusts—and to remind this committee that in my opinion the TBLA, if I can call it that, is much better than the equivalent legislation in Alberta and better than the civil code in Quebec. We are now the preferred juris-

dition for income trusts in Canada, and indeed most of the business trusts are organized here.

There are four points that we have requested in our submission.

Most importantly, we are requesting a continuation of the so-called hard cap on commercial property tax increases, particularly as they apply to the city of Toronto.

Second, we would like to see multi-family property tax ratios move to 1 to 1 with single family. Right now, apartment building tenants, through their rents, pay some of the highest property taxes in Canada.

Third, we certainly would like you to rethink the reimposition of rent controls. We understand that the Liberty Party ran on rent controls in its platform, but we just believe the system encourages too many free riders and that an income supplement approach would be better.

Lastly, we have a few creative ideas.

If I could focus on the hard cap for a minute, we have provided you with some background, some facts about property taxes. The highest property taxes in Canada are in downtown Toronto: \$18 to \$19 a square foot a year in the Royal Bank Plaza; averages of \$14 to \$15 a square foot downtown. That compares to \$4 in Mississauga and \$4 to \$5 in Markham. That discrepancy of \$12, \$13 or \$14 is by far the highest in Canada.

The city of Toronto is quite unusual now in Canada in that it only has between 5% and 10% of new development. Hardly any of that is downtown. As most of you will know, the Maritime Life Tower at Queen and Yonge is probably the only new building we've seen, apart from condos, downtown. Everything's going to 905. We think that's a direct result of the high property taxes in the city of Toronto. Tenants are voting with their feet.

While the provincial government may be thinking that you're indifferent as to where economic activity occurs, we see it as being contrary to a number of other public policies: the Oak Ridges moraine treatment, the demand by the TTC for continued funding. Indeed, we calculate that we've lost 5,000 jobs downtown over the last three or four years, whereas 905 has 30,000 or 40,000 new jobs. When a new job is created in 905, it's a new car on the road. When a new job is created downtown, eight tenths or nine tenths of that is existing transit. From a point of view of intensification and use of a hub-and-spoke rail system, encouraging development downtown just seems to make sense, but the fact that the property taxes are the highest in the country sends completely the opposite message.

The city of Toronto has recognized the importance of encouraging office development downtown. They've waived development charges again, for a second three-year period starting last August, but they don't seem able or willing to move on the high commercial property taxes. We've spoken many times to the finance people at the city of Toronto and tried to put ourselves in their shoes. We're concerned that there doesn't seem to be an incentive to control spending or the political will to increase residential property taxes. Certainly, last year the province gave a one-year reprieve to the city, allow-

ing them to increase commercial taxes one half of the residential increase, which they did. We believe that that should only be a one-year window and that we should go back to making them live within their means.

CIPPREC has always been on the record as suggesting that we're not sure the city of Toronto can control its spending effectively. We were against giving them gas tax money. We just think that the more you give them, the more they will spend. We were more in favour of uploading responsibilities and taking away some balance sheet responsibilities, possibly the TTC, into a three-government authority as a better way of controlling it. We are quite concerned that the more money they will be given, the more they will spend.

We also would point out that both this province and the federal government have announced cost-cutting measures and are trying to look at control. We do not see any of that in the city of Toronto. We have not seen any strikes. I wouldn't be happy until there was a full budget review. I'm quite concerned that for the police budget, it seems that whatever is demanded is taken. I'm quite concerned about the TTC's headline yesterday, about "We want more, not less." I'm quite concerned that that's run inefficiently.

I think that we'd like to see some tough love when it comes to the city of Toronto. We'd like to see the hard cap put back in place and maintained.

I think that's probably all we need to talk about today, Chris. Is there anything else?

Mr. Chris Conway: I think that's pretty much everything, Michael. I would just add that last year, when the city did request an increase, a lot of the reasons they cited were one-time reasons. Again this year, they are looking for another increase, and so it begs the question, are these one-time issues? It seems to be something that's recurring. That's the only other comment I would add.

The Chair: Thank you. The questioning will go to the government. We'll begin with Mr. Colle.

Mr. Colle: Thank you very much for the presentation. I certainly appreciate the comments on the income trust legislation that was passed. I guess it's part of the malaise we have in Canada or Ontario: When there's good news that creates jobs and investment, as that initiative did, it goes unmarked. Sad to say, the opposition parties did not support that initiative, which I think was really a no-brainer. I know it's been applauded, certainly in business circles across Canada. I think we had to be competitive with Alberta and so forth. I appreciate you taking note of that, because sometimes in finance there are so many things taking place that you can be criticized for, but I think that was an initiative that had to be done. Again, that was the result of the TSX and organizations like yourself making presentations. Really, the financial sector in Toronto, which employs about 150,000 people, was adamant that that had to be done to remain competitive in Ontario.

1420

Getting back to the hard caps and clawbacks: I was just getting an update on that yesterday. As you know, we gave options in last year's budget whereby municipi-

palities could accelerate moving away from the clawback so that a lot of taxed properties on the commercial side could essentially get some of the savings that had been promised them for years that had never accrued to them. Sad to say, there has been no indication in the city of Toronto that they're going to take up that offer, although—I don't know if it's good news or bad news—it seems that municipalities in the 905 may be moving in that direction, to maybe further exacerbate the differential between 905 and 416. So we're monitoring that just to see what can be done, because there is no denying that one of the unheralded challenges we have in Ontario is that to remain competitive we can't continue at this rate of taxation on our commercial properties in the core. I just want to remind you of that, that we are monitoring that.

I guess the other thing is the comments made about the hard and the soft cap. As you know, we gave that exemption for allowing an increase on the commercial side last year, and the city of Toronto and the city of Ottawa took us up on that. That application has to be made; it is not a rubber stamp. The worrisome thing is that a lot of the media coverage of that has indicated it's almost automatic, and Toronto is almost including it in its budget without having it approved. I'm glad that you've made note of that and they're aware of the fact that it has to be approved by the provincial government before that exemption is given again to increase taxes on the high-rise and downtown commercial cores.

I just want to say that we are listening and are appreciative of your concerns but may not agree with everything you're saying. How we deal with Toronto's request for more autonomy is something that we're dealing with right now. But it's pretty frightening to hear that we've lost 33,000 jobs in Toronto over the last year. That's of great concern and I couldn't agree with you more. We're not saying it's a net gain, because of job loss. We can't afford to lose one job. We should be going in the reverse direction.

Is there anything else we could be looking at to reverse that job loss trend besides the property tax situation? Are there any other factors?

The Chair: You have about a minute left.

Mr. Brooks: I think the city and the province need to develop a positive economic development program for the downtown, including the waterfront. When I hear presentations and they announce jobs coming to the waterfront, I say, who? where? No offices are going to go down there. If there's a grand vision for the waterfront, I don't think that any offices are going to be there, given the current situation.

The other thing is we have to look at the fact that we've got a rail system with its hub at Union Station but fewer people are coming in there now. Should it still have the same allocation? Arguably, we need a rim strategy, not a hub-and-spoke strategy any more, because rail isn't where the jobs are any more. They're not downtown; they're out in the suburbs. To get the jobs back downtown needs a positive program.

The Chair: Thank you for your presentation.

ONTARIO CAMPAIGN
FOR ACTION ON TOBACCO

The Chair: I would ask the Ontario Campaign for Action on Tobacco to please come forward.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Mr. Michael Perley: My name is Michael Perley. I'm director of the Ontario Campaign for Action on Tobacco. Thank you for this opportunity.

For the record, the campaign includes the Ontario Medical Association, the Heart and Stroke Foundation of Ontario, the Canadian Cancer Society's Ontario division, the Ontario Lung Association and the Non-Smokers' Rights Association. We've been working together for some time to reduce the use of tobacco industry products, the number one cause of preventable disease and death in the province and the only consumer products which kill half their long-term users when used as intended by those who make them.

We strongly support the government's general direction in terms of comprehensive tobacco control and the strategy it began rolling out before Christmas. While its latest initiative, yesterday's \$1.25-a-carton tobacco tax increase, is modest, every incremental step in this direction is useful.

When I was last before the committee in December 2003, my remarks focused on concerns about renewed smuggling, which is raised by the tobacco industry and its allies whenever a tax increase is enacted. These allegations continue to surface today and have been supplemented by a new series of concerns, this time about alleged increases in theft from convenience stores and other retail outlets, and indeed from tobacco industry warehouses themselves, as a result of increased taxes. The theft allegations have been most recently reviewed in a report for the Ontario Convenience Stores Association by former RCMP commissioner and tobacco industry consultant Norman Inkster.

In my testimony in December 2003, I noted the reasons why renewed smuggling of the type experienced in the early 1990s is no longer a concern in Ontario today. I won't repeat that review today, but would be happy to answer any questions on that matter.

I do want to address the matter of alleged increases in theft, but before doing so I want to briefly describe what we know about the impact of increased tobacco taxes on consumption. In a nutshell, increases in tobacco taxes are the single best means of reducing both the number of people who smoke and how much they smoke. The federal Department of Finance and other authorities have estimated that a 10% price increase produces a 4% reduction in prevalence among adults, and this is a figure that can be doubled in the case of young people, who are more price-sensitive than adults.

Again, yesterday's \$1.25-a-carton increase represents less than a 2% price increase at current levels, which is unlikely to produce a detectable reduction in prevalence

by itself. Having said that, the increase has at least two other benefits. Ontario prices continue in an upward direction toward the national average, as promised by the government, particularly if the tobacco industry uses yesterday's increase as a cover to add a price increase, which is a prevalent industry tactic, and the increase will generate more revenue which can be used to help offset the \$300-million shortfall between the \$1.4-billion annual estimated tax intake in Ontario before yesterday's increase and the \$1.7-billion annual cost of treating disease caused by tobacco industry products in Ontario. Those costs are not the only ones involved, but we'll stick to them for the moment.

The increase could also be used to help finance the government's comprehensive tobacco control strategy in a number of different ways. Unfortunately, despite yesterday's increase, Ontario still has the second-lowest tobacco taxes of any jurisdiction in Canada, at \$23.45 per carton of 200 cigarettes.

Before the committee last December I noted an important loophole in the current tax structure, which is that loose tobacco for roll-your-own cigarettes is taxed as if one gram is required to make one cigarette. Just to quickly summarize, in fact only half a gram is required to make one cigarette, so half the amount of tobacco that is in a 200-cigarette carton is used to make 200 cigarettes of roll-your-own, yet roll-your-own is taxed at half the amount that manufactured cigarettes are taxed at. The government has given itself authority to change that but has not acted on that authority yet. So we urge that roll-your-own be taxed in terms of the same number of cigarettes as in a carton; in other words, equally to a carton of cigarettes. I just wanted to briefly summarize my written material there.

I want to now deal with the increased-theft argument used by the tobacco industry and its allies in their opposition to increased taxation. If we judge strictly by media reports, the most common concern today of those opposed to higher taxes is an alleged increased incidence of theft from small retail outlets. In reading these reports, one is left with the impression that the sole target of small retail theft is tobacco products. The fact that lottery tickets are also stolen, as well as cash, is often not mentioned. What's also of relevance in the theft issue, however, is the amount and visibility of product on premises. Bill 164, introduced by the Minister of Health before Christmas, bans retail displays of tobacco products "except as provided for in the regulations." We support a complete ban and are unclear on why any regulations would be necessary.

In addition to their value as advertising, and in particular their influence on young people due to their location next to candy counters, highly visible displays of tobacco products can act as a trigger for theft by making the product more physically accessible to thieves. If you look at an average convenience store display, you'll see that the product is stacked on the so-called back bar of the counter area either just below or actually on the display, making access by anyone, clerk or thief, easy.

1430

Another question in this regard concerns how much product a convenience store owner actually needs to have on-site daily to service his or her customers. We've had several convenience store operators tell us that having a so-called power wall tobacco display, for which the industry pays retailers, also obliges them to keep more product on the premises on and around the display than is necessary to service their customers on a day-to-day basis. We've also been told by a few retailers that they routinely remove product from their power wall displays overnight to make their stores less attractive to thieves.

In addition to eliminating the value of power wall displays as advertising, banning them could be helpful in reducing thieves' ease of access to product. The absence of power walls will also make it less clear how much product is in any given store and will encourage owners to keep less product on the premises overnight.

On a different subject, the funding of tobacco control programs, I would like to commend the Minister of Health for increasing the amount of funding dedicated to comprehensive tobacco control programming to \$40 million annually in the province. This amount is more than double any previous annual allocation to tobacco control in Ontario. That said, analyses by, among others, the US Centers for Disease Control and the Ontario Medical Association indicate that in Ontario a fully funded, comprehensive tobacco control program requires at least \$90 million a year if it is to dramatically reduce the number of people who smoke.

An OMA analysis completed in late 2003 concluded that at this level of funding for a five-year period, prevalence could be reduced by up to 25%. While a further increase in funding of \$245 million over five years—the difference between current funding and \$90 million a year—may sound like a significant amount, the OMA analysis concluded that over \$11 billion could be generated by this investment in a combination of increased tobacco taxes, increased sales and income tax paid, and including \$6 billion in avoided health care costs alone—that is \$1.2 billion per year for five years—over the same five-year period.

That was at the time of the OMA analysis. Since then, the health minister has revised the cost of treating tobacco-related illness to our health care system from the OMA's figure of \$1.2 billion annually to \$1.7 billion annually. This revised estimate would result in an additional \$2.5 billion in health care savings over five years, putting the combined estimated savings from an adequately funded tobacco control strategy at more than \$13.5 billion over five years.

The OMA's analysis is available on the association's Web site, and association representatives would be happy to bring this to your attention if you wish.

Finally, I want to raise the matter of the government's promised \$50-million community transition fund. The Ontario campaign supports transitional assistance to municipalities in the tobacco-growing region of south-western Ontario to help them develop new industrial and

business strategies for the region to be implemented as tobacco growing is phased out. We support the \$50-million assistance program. We urge the government to bring forward the assistance as part of its comprehensive tobacco control strategy now being rolled out.

Thank you again, Mr. Chairman. I'd be happy to answer any questions.

The Chair: Thank you very much. The questioning in this rotation will go to the official opposition.

Mr. Barrett: I thank the Ontario coalition for their presentation. You have made a number of presentations, as you have indicated. We have the legislation before us with respect to a smoke-free Ontario. You advocate, for example, with respect to hotel and motel rooms, that smoking be banned as they are workplaces as well. You also advocate smoke-free zones of nine metres from around every entrance to every public building. I don't think that's in the proposed legislation.

Mr. Perley: Neither one of those is.

Mr. Barrett: You're advocating that that be considered?

Mr. Perley: I think it needs to be considered, because hotel and motel rooms are workplaces for many people, on the one hand, and entranceways, depending on how they're configured, can be areas where people who smoke congregate and can be very unpleasant places to pass through. This is as a result of complaints we've had from a number of people in Toronto and elsewhere where smoke-free bylaws have been in place for a while.

Mr. Barrett: You advocate regulating smoking in vehicles. With respect to home care, you advocate that there must be no smoking in a residence 24 hours prior to a home care visit. Do you stand by this as well? Would these be amendments coming forward?

Mr. Perley: In the case of vehicles, the OMA's recommendation in its recently published analysis was to eliminate smoking in vehicles where children are present. To give you an idea of the extent of this, some people indicated at the time of the OMA's analysis being published that they didn't think this was a problem. I believe the figure is that 17% of 12-year-olds report being exposed to cigarette smoke in vehicles. They're very enclosed environments and can produce significant health problems in kids, so that's the rationale for that. I think it's a strong rationale.

Mr. Barrett: You also favour a ban on smoking in long-term-care facilities?

Mr. Perley: Yes. There are designated smoking rooms allowed in long-term-care facilities. We have seen a couple of bylaws, notably Sudbury's bylaw, phase those out without any difficulty, and we've had a number of long-term-care facilities indicate that they've already phased them out. We've also had a number of complaints from long-term-care workers who say they are required to work in the designated smoking rooms, whether a bylaw gives them any protection or not. As long as staff are being forced to work in them—and the fire marshal has indicated that because of a risk of fire, someone should attend every smoking patient in a designated

smoking room. This puts those staff at extreme risk. So we do advocate that they be phased out.

Mr. Barrett: A final question, and then I will defer to Mr. Jackson. We heard from My Choice, an organization with 1,500 members. You have four corporate members. What is the membership of your organization?

Mr. Perley: It's the organizations that we mentioned. Their total membership in terms of volunteers and staff is well over 100,000.

Mr. Barrett: Mr. Jackson, did you have a question?

The Chair: Mr. Jackson. You have two minutes left.

Mr. Jackson: Two minutes. That's fine.

Michael, first of all, I'm a non-smoker, so I have a serious amount of empathy there. However, I have a constituent right now whom I cannot get placed in a long-term-care facility because of her smoking habit, and she's never going to break it. I'm a little concerned that we don't recognize that people have a right to certain health services, which is to have a roof over their head. I just wanted to put that on the record, that although the agenda is well-intended, in some instances I would suspect that the smoking rooms might be struck down as unconstitutional for some residents. In this instance, I just wanted to let you know that I've got constituents whom I'm having a devil of a time getting placed because they smoke. They have the unfettered right to reject them, but they've got to find a roof over their head.

Just quickly, I'll ask you this one question. The Liberal election promise, to your knowledge, was about \$140 million in the first year for your abatement strategy. Is that not correct?

Mr. Perley: That was the cost that background documents put for the first year, and that includes the \$50-million transition fund.

Mr. Jackson: And the second was about \$90 million subsequently?

Mr. Perley: That's correct.

Mr. Jackson: So in your mind, that was a bit of a broken election promise, was it not, that those kinds of commitments have been watered down rather substantially?

Mr. Perley: We haven't seen the transition fund. We've seen the first phase of the strategy go forward, and I think that was approved in the fall. Strictly speaking, in the first year \$140 million was not delivered. I hear varying things about whether the transition fund is or is not on the table, but the start toward refunding the strategy or increasing the funding has been made. The next year will tell the tale, whether we go up from \$40 million to \$90 million. We don't know whether that's going to happen yet. We advocate that it happen, but we haven't seen any official decision in that regard.

The Chair: Thank you for your presentation.

UNIVERSITY OF TORONTO

The Chair: I would ask the University of Toronto to please come forward.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning

following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Frank Iacobucci: Thank you very much, Mr. Chair. My name is Frank Iacobucci. I'm the interim president of the University of Toronto. Accompanying me today is Carolyn Tuohy, who is the vice-president, government and institutional relations. I thank you very much, Mr. Chair and Mr. Vice-Chair, for having this opportunity. I'm very honoured to be here and to participate in the 2005 pre-budget consultations on behalf of the University of Toronto.

1440

These are momentous times for higher education in the province. In just a few short weeks, the Honourable Bob Rae is expected to publicly release his recommendations for shaping the future of post-secondary education in our province.

We recognize the fiscal constraints facing this province, and we recognize that this government must address competing demands for scarce resources. But, members of the committee, we must not be so bound by these constraints that we bind the future as well. If we fail to make investments in universities now, we will be weaker as a province in the future and less able to maintain and improve our health care, education, communities and environment. There is simply no better investment than higher education. For this reason some, such as Bob Rae, have said, "Education is the most important social policy." It is therefore our profound hope that his recommendations will make a difference, and to this end we urge you, as members of this committee, to take account of the need for increased investment in post-secondary education as you consider the fiscal and economic policies of the province.

Like Mr. Rae, we believe that our system of post-secondary education is in serious jeopardy. The University of Toronto's submission to the Rae review, *The Choice for a Generation: Investing in Higher Education and Ontario's Future*—copies of which have been made available to members of the committee—is premised on the belief that post-secondary education in Ontario is at the tipping point. What we choose to do now as a province will affect generations to come. We will shortchange a new generation and jeopardize the future that depends on its leadership unless we address the pressing issues facing this sector.

I know you're hearing this message from my fellow university presidents and from the Council of Ontario Universities, but I'd like to reinforce that for you, because what they are describing is real; they are not crying wolf. I can tell you this from the perspective of one who has returned to the university after a 20-year absence. The difference is striking.

First, the student body is itself dramatically different. To look out at one of our orientation sessions for new students or one of our graduation ceremonies is to look at the face of a new Canada. At the University of Toronto, 40% of our undergraduate students were born outside Canada and about one third are the first members of their families to attend university. This is a new generation.

The second difference I see is not a happy one. This new generation is not receiving the quality of education that those who attended 20, 30 and 40 years ago received. Class sizes are larger, first-year students have less opportunity for small seminar courses, and upper-year students have less chance to work with professors on individual research projects. Buildings are deteriorating and classrooms are becoming outmoded. We are indeed at risk of shortchanging a generation.

Underfunding our universities has diminished Ontario's competitiveness within Canada and globally. Universities cultivate the ideas and leaders that drive our economy and sustain our society. They educate doctors, nurses, teachers and administrators that are crucial to Ontario's health care and education systems. At the University of Toronto, more health care professionals graduate each year from degree programs than anywhere else in Canada. Our graduates also replenish the ranks of the professoriate in this country: one in six professors in anglophone universities in Canada has a U of T degree.

So what must be done? For the remainder of my time today I should like to focus on four issues: funding for Ontario's universities; student financial assistance; graduate education; university-based research—with particular reference to some of the solutions recommended by very recent experience at Canada's largest university. Following this, vice-president Tuohy and I would be pleased to answer your questions.

Members of the committee, funding for the university sector in this province has been on a downward track for the last decade, leaving Ontario last among the provinces in terms of public funding to universities. This steady decline has had its price: As funding decreases, so does quality.

We must act to reverse this decline. A start would be to strategically reinvest in higher education through multi-year funding and accountability agreements to bring public funding for universities in Ontario to at least the national average, as strongly advocated in the COU brief. At U of T, this would mean a \$180-million increase in our operating grant. In addition, there must be funding to address the deferred maintenance costs, currently \$315 million at the University of Toronto, as well as to allow us to maintain our buildings so that another backlog does not develop in the future.

The second issue I would like to raise for the committee today is student financial assistance. Tuition fees are not the problem. It is only fair that students pay a portion of the costs of their education; otherwise, those who do not go to university must fully subsidize those who do go. Evidence from across Canada and around the world shows that tuition fees do not deter access when they are accompanied by excellent programs of student aid. But in Ontario, student aid is the problem.

Like Mr. Rae, the University of Toronto believes that our system of student financial aid is broken. The Ontario student assistance program, OSAP, and other government student assistance programs do not take the full costs of obtaining a post-secondary education into account, do not

provide a sufficient response to student debt, leave out middle-income students and are unnecessarily complex. Because many university-based programs of need-based student aid build upon the OSAP platform, as does ours at U of T, it is doubly important that the platform be reformed. We can make better use of existing resources, as well as increased investments, if government and university programs are better integrated.

At the University of Toronto, our policy on student financial support and our tuition fee policy work hand in hand to ensure that no student offered admission to a program will be unable to enter or complete their program owing to lack of financial means. We have demonstrated that we can be both responsive and responsible in setting tuition and providing the necessary aid. For these reasons, we believe the provincial government should endorse institutional self-regulation of tuition fees within a framework that holds institutions accountable for ensuring accessibility for all students.

The third issue I would like to raise for the committee today is graduate education. Unlike ever before, graduate education has become a prerequisite for access to Canada's knowledge economy. While Ontario's participation rates in undergraduate university education have increased steadily over time, making these rates comparable with other jurisdictions, our participation rates in graduate university education have not. In comparison with our peer US states, Ontario confers less than half the number of master's degrees and only three quarters of the doctoral degrees. This continuing lag reduces Ontario's ability to compete internationally, affecting not only our universities but our overall economy.

In order to remain competitive, Ontario's shortfalls in graduate education must be addressed and the current cap on graduate enrolment must be lifted. With increased funding for graduate enrolment, the University of Toronto would increase our master's enrolment by 50% and our Ph.D.-level enrolment by about 30%. This investment would enable Ontario to accommodate the demand that will stem from the double cohort, respond to the need for highly qualified personnel and become an international centre for graduate education of the highest quality.

This brings me to my fourth and final point. High-quality graduate education can be provided only with a strong base in research. The one area in which positive momentum has been built over the past few years, through federal as well as provincial government funding, is in the support of university-based research. This momentum must be maintained. The jurisdictions with which we compete are not standing still. We must not slide back; rather, we must move vigorously forward. Our ability at the University of Toronto to fund faculty through these means has offset some of the shortfall from the operating grant. Indeed, without research faculty, I sense that we might already have fallen off the precipice that I described earlier.

Let me just say by way of concluding remarks that I'm not being overly dramatic when I say that the future of

this province depends on how we address the issues I am placing before you, together with my fellow university presidents. In higher education, a foundation that is crumbling must be restored and built upon. It is the best investment we can make, and it is the only responsible course.

May I wish you all well in your remaining consultations. I look forward to any questions you may have. Thank you for your attention.

1450

The Chair: Thank you very much. The questioning will go to the NDP, Ms. Martel.

Ms. Martel: Thank you for being here today. We appreciate your contribution. I'm just looking at what it would take to bring the U of T up to the national average in terms of funding as a post-secondary institution: "... a \$180-million increase in our operating grant."

What's going to happen if (a) the government doesn't come forward with an increase in post-secondary funding or (b) comes forward with an increase that may have been based on last year's amount, which would not have been nearly enough for you to rise in terms of your funding in comparison to jurisdictions across the country? What are you going to do?

Mr. Iacobucci: That's an extremely important question. The fact of the matter is, we've been limping along, holding everything together as much as we can. It would be a little imprudent for me to say specifically what's going to happen, because this is something my colleagues and I would have to consult on and decide what is the best response to that.

There is no question: We have been holding off on things like our library. The University of Toronto's library is the fourth largest in North America as a research library. It's a national treasure. It's not just a provincial treasure; it's a national treasure. We've been holding the acquisitions budget of that facility intact over these years. How long could we hold on to that? If we are not going to get an operating grant, we'd have to look at that. We've been holding the acquisitions budget because if you get behind in books, it's hard to catch up in keeping the leadership position that we wish to cherish and continue into the future. So there are things like budgets of that kind—there are not many of that kind, because they're so unique—but we would have to re-examine certain programs. We would have to say, "Can we continue to maintain these programs?" The cutback situation would be really on us. Yet, we haven't seen lack of quality in our programs. We don't mount programs unless they do have that. We try to make sure that our programs are the best. So we would have to be looking very, very fundamentally at starting to make major surgery in operational aspects of our activities.

Ms. Martel: As an alumna of the U of T, I was in that library more times than I care to remember. But that was a long time ago too.

You're talking about operating, but you also mention that your deferred maintenance costs now run in the order of \$315 million. That would be a capital budget more

than some universities, never mind just a capital budget for deferred maintenance. What do you do then, because it wouldn't be just the library you're talking about for \$315 million. You are talking about all of your labs—and you're in the position where you're growing. I know you have made major acquisitions of properties downtown just to accommodate, I would think, not only the double cohort but your increase from 1992 on, which you referred to. So you've got problems from both ends: deferred maintenance, I would think, and then your capital costs for the new acquisitions you are making to accommodate your increasing student body. Would that be correct?

Mr. Iacobucci: Absolutely correct. In fact, the response of the University of Toronto, and I think the response of the universities of this province, to the double cohort is quite an admirable record of flexibility, responsiveness and responsibility. So we have this double problem of being probably the oldest campus, certainly in the province, and among the oldest in the universities of our country, but at the same time we have a tremendous growing demand for new facilities in Scarborough and Mississauga, where there is projected enrolment growth, because there is great demand for many more applicants to come to the university.

What, again, would be the specific response to the \$315 million accumulated? We would be doing what we could, characterizing the most urgent and most in need of attention as being given a priority and doing what we can through a combination of other foundations that we can look to for support and so on. But those sources are drying up as well.

Mr. Colle: A point of order, Mr. Chairman: I would be remiss if I didn't publicly acknowledge that this committee is honoured to have a chief justice appear before it. I want to thank you, as a Canadian, for the remarkable contribution you've made to this country from coast to coast, from your parents' humble roots in Cosenza, from Vancouver to the Supreme Court of Canada. I know the great work you're doing at U of T. I just commend you for that contribution. Your words are certainly compelling, and hopefully we can help do what is right for the University of Toronto and all other universities.

Again, on behalf of the committee, we want to thank you for taking the time. It's not often we're addressed by a chief justice, or a justice.

Mr. Iacobucci: Thank you very much. It's very kind of you to say that. I appreciate your remarks very much.

The Chair: Thank you for your presentation this afternoon.

ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair: I would now ask the Elementary Teachers' Federation of Ontario to please come forward.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning

following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. David Clegg: My name is David Clegg. I'm the first vice-president of the Elementary Teachers' Federation of Ontario. On my left is our general secretary, Gene Lewis; to my right is our research officer, Pat McAdie.

First of all, I'd like to thank you for this opportunity. From our perspective, it's an opportunity to have input into a government that has demonstrated that it's listening—certainly a departure from the previous eight years.

I want to begin by applauding your government for the work they've already done in education. From an elementary teacher's perspective, the commitment to cap primary class size and the efforts already in place to do that are long overdue. That alone has raised the morale of our members. In a business that deals with children, morale is key to success. We thank you for that, and we look forward, over the course of the rest of your mandate, to continuing to do those things that you promised to do in your election campaign.

I want to talk today specifically about four recommendations in our brief, the first of which is the issue of preparation time. For elementary teachers, this is an ongoing and historic issue. Currently under the legislation, the working week of a teacher should not be less than 1,300 minutes. Also, the instructional time for elementary students would be placed at 1,500 minutes currently. So this essentially provides 200 minutes of preparation or planning time for elementary teachers. The problem has been and continues to be that the funding formula only provides roughly 140 minutes in terms of the funding for the boards.

We have identified, and certainly those outside of government have identified, time and time again that the best investments in education come in the early years. One of the things that ensures success in school is providing teachers the opportunity to do their very best, and that's essentially what planning time does. It provides teachers the opportunity to interact not only with their colleagues but with parents on a daily basis. It provides them the opportunity to do the best in terms of being motivated to provide at the point in the lesson all of the detail, all of the complexity that the new curriculum demands.

Beyond that, what preparation time does for teachers is it allows them the opportunity as professionals to make other choices in their day as to how they may be able to interact with students. By that I mean, quite bluntly, that when teachers can do those things that are required of teachers, delivering lessons within the scope of their instructional day, it gives them an opportunity to consider voluntary activities outside of that day. What we've seen over time is that when teachers are not provided that choice, they opt to do their professional duty, and that's to teach students in the classrooms, and quite often that is to the detriment of their voluntary activities.

We also believe that if this was funded, it would provide a unique opportunity to enrich the lives of ele-

mentary students. The teachers who would be doing the preparation so that they could be better in the time they have with students would be replaced with teachers who potentially would have specialties, specifically in the area of music, which I know is an area that has been sadly neglected in the last decade; they would also have the opportunity to have specialists in the area of phys. ed., an initiative that the government has been on record as considering a priority. The health and well-being of students can best be effected by daily regular phys.-ed. activity. As well, the whole other issue of arts and drama programs could be enhanced. What's sad is that a decade ago, many elementary schools had those programs. The introduction of the funding formula forced school boards to make very drastic cuts, particularly to the elementary panel.

1500

Another issue that this government has been concerned with and talked about at some length in public is the issue of school safety. Simply put, if you fund preparation time, you will be providing more teachers in schools. More adult eyes mean better supervision for students, which ultimately leads to their safety.

Our first recommendation, then, is that the student-focused funding formula be amended to fund 200 minutes of preparation time per week for elementary teachers.

Our second issue deals with class size. As I mentioned at the outset, certainly we applaud the primary cap of 20 per class, but we would caution the government that in implementing that, they take a real look at the impact on the junior and intermediate teachers and that they monitor actual class sizes and do not simply look at averages. Quite often, what can be captured in actual class sizes will indicate higher numbers than simply monitoring the averages.

Our second recommendation, then, is that actual class sizes in all elementary grades be monitored and reported on a yearly basis by school and by school board.

The next issue is an historic one and one, again, that for elementary teachers raises the question of respect. The student-focused funding formula was introduced in 1997, and there has been a gap in the funding for the foundation grant for elementary and secondary students. Currently the gap is \$811 per student. That simply means that for every student enrolled in a public elementary school, they receive \$811 less than for a secondary student in a publicly funded school.

If you look at the chart that we've included in our brief, you'll recognize that in virtually every category of the foundation grant, with the exception of teaching assistants, there is a difference. Again, those differences speak to the ability of teachers to work with young children, to provide them the educational foundation they need. When you talk about things like classroom supplies, we know that young children are most successful when they are given abundant manipulatives to learn such critical skills as math, yet the funding formula does not recognize that need for elementary students.

The issue of library and guidance is critical to the government's initiative in the area of literary initiatives. Without library and guidance counsellors in the school, it's the student who is shortchanged, so we would look to the government to address this. I'll quote a former Minister of Education who was asked this question; her name was Janet Ecker. She told us on more than one occasion that this was simply an historic anomaly. As such, it needs to be rectified. Certainly this government, in its commitment to primary education, has the opportunity to do that.

So our third recommendation is that the foundation grant for elementary students be increased to the same level as for secondary students.

Our fourth area has to do with the whole issue of the dramatic demographic shift that we're seeing in public schools in Ontario in terms of teachers. We know that we're approximately in the middle of that curve. We've moved from an aging population and we're beginning to see that teachers, particularly in the large urban boards around Toronto, are getting younger and have less experience. We also know, based upon the feedback of our members, that an incredible percentage of young teachers leave the profession. Estimates range as high as 30% of teachers leaving the profession in the first five years. When we talk to those teachers, many of the reasons they give can be linked back to such basic things as salary and the working conditions they find in the elementary schools.

One of the areas where the funding formula could be amended to do something at least in the area of salary would be the experience salary matrix. Currently, the matrix reflects an 11-year grid. No other profession has such a long probationary period to reach a maximum salary as teaching. If this matrix was shortened, it would begin to ensure that beginning teachers are compensated at a more reasonable level. That in itself would attract more people to the profession and certainly would give hope to those who enter the profession with substantial student debts.

Our fourth recommendation, then, is that the instructional salary matrix in the student-focused funding formula be systematically shortened by one step in each of the next three years to provide for improved beginning salaries for teachers.

In our brief, you'll also notice that we talk at some length about early child care initiatives. I want to speak briefly about those. The Liberal election platform promised to implement a full-day kindergarten. This announcement is a step forward in terms of providing school-based child care, but it's not kindergarten. We are looking to the government in the longer term to fund full-day kindergarten. It is likely the government opted for filling the balance of kindergarten with child care because it's using federal funds that must go to child care. The Liberals have not increased the provincial allocation for child care, and all new expenditures to date have come from federal funds.

We're concerned that some provinces will balk at implementing a program that targets funding only to non-

profit programs. We believe the government should look at the system that was adopted in Quebec, where they grandparented, over a period of 10 to 15 years, to phase out commercial operators. We think this would be a successful way of dealing with those pressures, when it comes to the private day care operators.

I've left more than enough time for questions, and I would be happy to answer any you might have.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Wilkinson: Thank you for coming in. I just want to note that of course many of your members have come out to see us last week and this week, and we really appreciate that. As we've always said, the first thing we want to say is thank you for doing the work that you're doing. I know that we on our side of the aisle understand that teaching is a vocation, a calling, a special talent and innate ability you have that needs to be fostered.

Some of my questions will deal with some of the systemic problems we have. One of your groups, one of the ETFO—I think it was in Sudbury—was talking to us about how we're losing more and more male teachers in the elementary sector and how particularly difficult that is; it's changing the culture within the school. I think one of the suggestions was that we need mentoring.

What do we need to do to try to address that imbalance? I was just wondering if you might be able to give us a clear understanding of that problem, the challenges it presents and what we're doing to make sure that all new teachers, no matter what their gender, feel welcome and feel they could have a career in education.

Mr. Clegg: First of all, it is an important question, and certainly one this federation has spent time and effort to try to better understand. To give you some background, from our perspective, certainly part of our policy within our constitution is that we believe, frankly, that the public schools are a reflection of society as a whole. As such, those people who are in front of classrooms should mirror society as a whole. So the issue of declining males in front of classes, I think, is one that has to be dealt with.

But we would go beyond that. We would also include in that that there are many parts of our Ontario population that are not represented proportionally in our schools, particularly visible minorities. We think the issue of male teachers and the issue of other representative groups within our society have to be addressed.

Specifically on the issue of male teachers, when we've done work in terms of trying to understand why there's a declining number, certainly there are some basic ones that are common to why people go into the profession. Certainly the issue of salary comes up time and time again. We've tried to address that in general in our brief.

Beyond that, we've done some interesting work with high school students and their perceptions of elementary and secondary teachers and education in general. One of the things we found is that there are some biases in the minds of young males in secondary school in terms of the role of elementary teachers. We think that's a societal

bias and one that would be difficult to address, but we do think there are ways of doing that. Certainly the government, in terms of the issue of respect in general for the teaching profession, could begin to address that. I think the more that is done in terms of the elementary panel, in and of itself, will help students, as they see themselves move up, begin to understand the value that society places on education. That's something that I think was entirely lost in the last government's mandate. Students in schools could not see their education being valued, based upon the actions of the government. I think that is something that will take time to work its way through the system.

I believe this is a serious issue in Australia, and the government has actually intervened and put in place some programs to set some targets in terms of attracting male teachers into the profession. So it's not just an Ontario phenomenon. Unfortunately, it's a global phenomenon. It's societal in some respects, but there are areas where the government could help. One of the areas would be to look at the issue of admissions to the faculties of education. If it's deemed to be important, as I think you're suggesting, maybe there could be some type of financial aid for those underrepresented groups in the teaching population to make it more attractive. When you're considering the alternatives and considering the debt loads that students are coming out of university with, people are unfortunately being forced to make some decisions that are simply economic, and I think that's part of the problem.

The Chair: Thank you for your presentation this afternoon.

1510

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair: I would ask the Ontario Coalition for Better Child Care to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to state your name for the purposes of Hansard.

Ms. Kira Heineck: Kira Heineck, executive director, Ontario Coalition for Better Child Care. Thank you for the opportunity to speak to you this afternoon; it's an honour and a pleasure. I can't think of a more demanding or difficult job than public service, and I commend everyone who takes it on. Congratulations. It's a pleasure to speak with you today.

Before I review our recommendations for the budget, I'd like to tell you just a little bit about who we are. The Ontario Coalition for Better Child Care brings together people from every corner of this province. We represent over 500 member groups and individuals, and we're very excited to have the Association of Early Childhood Educators in Ontario, also a very large, broad Ontario group representing those who work in child care, as our most recent new member.

We have cross-Ontario representation and reach deeply through segments of many different communities, including our chapter networks in Ottawa, Peterborough, Sudbury, Thunder Bay, Niagara region, Waterloo region, Windsor, Hamilton and, of course, our sister coalition in Toronto. We're over 20 years old, and our members have gone on to assume leadership roles in many important, influential places, including government, elected office, NGOs like the United Way and social planning councils across the province, academia and the labour movement. We bring together broad and seasoned experience from the front lines in policy development and implementation from sectors outside child care and, of course, parents. We're a coalition, which is important to remark on, because it's important that you know that we consult widely and work together until common cause is found around our core principles and what is required to achieve them.

I'm telling you all this today so that you can feel confident in trusting that our recommendations are based in a history of grounded and serious experience and expertise. It has always been our intent to advocate solutions for good public policy, and I proceed trusting that identifying and acting on sound public policy solutions is your intent as well.

The child care that we advocate for is a public service of early learning and care; it's not babysitting. It's early learning and care that meets the educational developmental needs of children, supports families and parents working and studying and caring for other family members, and is also delivered by a highly trained and well-supported workforce. Of course, the need for a child care strategy for Ontario has never been greater. You've heard from our local leadership on the precarious state of the current patchwork, so I won't touch on that now, in the interest of time, and of course it's outlined in our submission as well.

What this means is that instead of being a leader in developing a system of early learning and care that gives children a good start in life, Ontario is falling behind. But today, in January 2005, we are in a time of great opportunity for Ontario and for child care. Given the extraordinary timing of our discussion here today, just weeks before the next federal-provincial-territorial meeting on child care, taking place in Vancouver on February 11, it is paramount that I tell you that the child care community is counting on the Ontario government and its political leadership, which of course includes all of you, to take a proposal to this all-important meeting that contains the key components or bottom lines that will guarantee the agreement negotiated truly supports the development of a high-quality system of early learning and care. Not only is the success of a national system at stake, but so too are the details and shape of your budget.

We recognize the precarious situation that provinces and territories are in in terms of waiting for federal funding commitments, and we want you to know that our efforts include pressing the federal government for longer-term financial arrangements and more stable fund-

ing commitments so that planning in Ontario can proceed more confidently.

But now that child care is back on the provincial and national agendas, Ontario needs a funding and policy strategy aimed at putting in place an integrative, responsive and high-quality system. Supporting this strategy with commitments both to funding and policy in the upcoming 2005 budget is our first recommendation to you today.

This strategy must include the following components: Child care programs must be directly funded and the subsidy system must be eventually eliminated; expansion in the early learning and care system must be limited to the not-for-profit sector; commitments must be made to not replacing provincial child care spending with federal dollars; finally, funding support must be made available for the child care workforce through increased wages, benefits and improved working conditions.

The rationale for each of these components is clearly laid out in the submission and today I would just like to review a couple of those principles, again leaving it to you to further explore the principles you're interested in—I hope that's all of them—in the submission before you.

Let's talk about publicly funded for a second. Ontario's current subsidy system and market, by which we mean the user-pay model, has erected barriers to affordability and accessibility across the province. Only direct public funding of services, which is similar to the way we fund health care and education in the province, can provide the predictability and stability for program planning, service delivery and quality that's necessary.

Not-for-profit: I want to take a few minutes to be really clear about our position on this. I think it's important. The coalition and other child care community members are very clear that we're only talking about limiting expansion of the child care system to the not-for-profit sector. We support current for-profit operators, knowing that they have an important role to play in meeting the needs in their communities, and we would support their inclusion in the new system. It is only the expansion of child care programs that we believe is critical and must be limited to the not-for-profit sector. This is not about ideology but about quality outcomes based on the evidence.

It's also about accountability to taxpayers. That's an important reason why the not-for-profit system is superior. It can achieve higher outcomes for all the QUAD principles that Ontario has signed on to along with other provinces and territories: quality, universality, accessibility and developmental programming.

It follows the same logic as the Liberal government decision, much applauded across the province, to stop the tax credit for private schools. It also echoes the Liberal commitment to expansion in the not-for-profit sector only as part of the 1987 New Directions for Child Care, which stated, "The government is determined that future child care growth will be in the not-for-profit sector. Expansion of this sector is consistent with the move to recog-

nizing child care as a basic public service." That of course ties into our first principle, that child care should be a directly funded public service.

The other principles that are important to us are universality, inclusivity and high quality. Again, I'll leave the details of that to your reading of our submission.

I want to conclude by summarizing our recommendations for the budget.

The time has come to implement changes that will transform the fragile patchwork that currently exists in our services into a coherent and comprehensive system. The budget in May is the first step.

Our second recommendation is to begin the phase-in of direct funding in the May budget. We recommend the following targets for entitlement to universal services: beginning with five-year-olds in year one, which would be this year, four-year-olds in year two, which would be 2006 and so on until universal access is achieved for all children down to the age of zero. The expansion of this new system of directly funded child care services must be limited to the not-for-profit sector only.

1520

Our third recommendation: Use available federal dollars—that's the early childhood development initiative, commonly known as the ECDI—and the multilateral framework agreement and increase provincial investments.

We anticipate the federal dollars under the ECDI will be annualized, and if so, our recommendation is to designate the majority of these funds to regulated, not-for-profit child care. That, by the way, also fulfills another election promise. So designate 100% of the \$87-million multilateral dollars that are coming in 2005-06 to regulated, not-for-profit child care.

Reinstate the \$160 million cut from our annual budget during the Tory years.

The Vice-Chair: You have one more minute.

Ms. Heineck: That's hopefully about all I need. Thank you.

Our third recommendation is to move to 100% provincial funding of child care to eliminate the pressures that come to bear on many municipalities in matching their dollars.

Our final recommendation is that you do all you can to support your colleagues in government, the minister and the Premier, in committing to the principles behind these recommendations and taking them to next month's federal, provincial and territorial meeting. We have a fine minister in Dr. Bountrogianni and we want to find every way to support her.

We lay this at your feet today, because as members of this committee, you have an important role to play in laying the groundwork through funding commitments, both in dollars and their direction, and in carrying this message into the process and discussions that will shape these negotiations and also the details of the Ontario plan for child care in Ontario. Thank you very much.

The Vice-Chair: Thank you for your presentation. We have five minutes of questioning. That will be Mr. Jackson from the Progressive Conservative Party.

Mr. Jackson: Kira, thank you for your presentation. I was madly trying to read it because you must have said 15 times, "You'll catch all that in the brief."

You closed by saying, "We want to do all we can to support Mrs. Bountrogianni," and that's laudable. I'm going to ask you in that context, because both my colleague Ms. Martel and I had the opportunity in this same room—and the minister was where you are right now—as we discussed the government's current commitment to child care as it squares with their election promises. I guess the first one I want to ask is, do you support the minister's position to invest the current federal transfer dollars of about \$180 million into the programs that both the Conservatives were funding for several years and that now the Liberal government is funding in its first and second years?

Ms. Heineck: I might ask you, respectfully, to be a bit more specific about what those programs might be. Do you mean the dollars that did not go into child care but went into other related services?

Mr. Jackson: The political phrase was that not a penny of this went into child care. Of course, that would be rather misleading, because the money went into the early years centres; it went into child development programs; it found its way into speech-language support services for children, in and outside of a daycare setting. But the point I'm getting at is, does your organization support Minister Bountrogianni's continuing that current process, which was railed against by her in opposition but now seems quite acceptable for her as the minister to continue the same funding envelope with the same dollars, with the same dollars you're familiar with that are transferred from the federal government for early childhood education purposes?

Ms. Heineck: Our position, I believe, has been consistent since the ECDC dollars first started flowing that were not allocated to actual child care programs. They did go to useful programs that support children's development but very clearly did not go into creating one child care space or supporting one actual child care space. We do not support a continuation of that policy. That's why one of our recommendations calls for the majority of new dollars to actually go into child care. I believe there are also other opportunities, given the new federal-provincial-territorial plan and federal dollars available, to increase funding for those other areas.

Mr. Jackson: So you don't support the minister's decision to continue the funding arrangement under the previous Conservative government, for the record.

Let me ask you another question. On page 13, you reference expanding the existing child care centres for, in particular, the zero-to-three cohort of children. Then you talk about integrating Ontario early years centres into new child care services in some communities that would become hubs and so on and so forth. So you support the presence of these in our communities and you support the

programs, but could you share with me how we might integrate them? I share your concern about how they're better integrated. I happen to believe strongly that they belong in schools, as you do.

Ms. Heineck: Yes. If I understand the question, clearly you're asking how we would see implementation of a more integrated hub model of services for children.

Mr. Jackson: You make the statement on page 13 of your brief. It isn't fleshed out. I just wondered what you might—

Ms. Heineck: OK—how we would see it happening. We would envision a community-based, community-driven planning team that would be put together with representatives of the community and those in each service, including child care, of course, to work together to best meet the needs of their community. In some areas, those integrated services would take place in or around schools. In other communities, especially in rural areas, it doesn't always make a heck of a lot of sense, and then we would support their taking place in other buildings or locations. The Ontario early years centres in some places could be ideal for that. What's most important, though, is that the services be delivered in a way that meets all the needs of families and children, and of course the central service there would be child care.

The Vice-Chair: Thank you for the presentation. The time for questions is up.

ONTARIO HEALTH COALITION

The Vice-Chair: We will now have the next presentation, the Ontario Health Coalition.

You may begin your presentation. You have 10 minutes. First state your name for the purposes of recording Hansard.

Ms. Natalie Mehra: My name is Natalie Mehra. I'm the provincial coordinator of the Ontario Health Coalition. The Ontario Health Coalition represents 400 organizations and thousands of individuals who are committed to protecting and enhancing a universal, one-tier public health system. We also include over 50 local coalitions in cities across the province. Like the Ontario Coalition for Better Child Care, we engage actively in consultation with all our member groups regarding our policy positions, so the positions we're expressing today are reflective of our broad membership.

Because of the time, we thought we wouldn't echo many of the concerns you would have heard from health provider and health worker organizations through the course of these hearings, but focus on just one or two issues. On the way to that, we'd like to reiterate the concerns we are sure you've heard from others about the budget cuts for hospitals and layoffs in hospitals, and about the funding requirements across the health care sector. But today we would like to focus specifically on the P3 hospital program, which we have reason to believe will be introduced in part at least as a budget measure, and also on home care.

In our meetings with government officials, we have become increasingly concerned that evidence regarding the high costs of P3 privatized hospitals is not being taken seriously or even considered; that it's being ignored, actually, in favour of an overly rosy picture being painted by industry lobbyists. We urge your committee strongly to look more closely at the international evidence and the evidence in Canada about the consequences of these projects. Overwhelmingly, the evidence shows that P3s do not transfer as much risk to private companies as originally believed. In fact, under the new accounting rules for risk transfer in Britain, none of the first wave of British P3 hospitals, which were conducted under the old accounting rules, would have shown value for money—not one of them.

Moreover, the P3 hospitals around the world are actually plagued with serious problems: design flaws, including buildings on lands that are overdeveloped and designed to meet the needs of the companies, not of patients or staff; inflexible contracts that fix costs for management and service contracts over an entire generation and have exacerbated difficulties for hospitals as they face higher demand than projected; insurmountable management problems due to complex lease structures and bifurcated management structures; exorbitant legal, administrative, consultant and transaction costs that are unnecessary but for the P3s; large increases in costs over the duration of the negotiation of the contracts; unprecedented profit-taking by the construction and financial companies; exorbitant user fees and an array of new service charges—you should know that in Britain now, parking for staff in hospitals ranges from \$25 to \$30 a day, and for a television for a week it costs for a patient over \$60—technology contracts that have gone awry; the privatization of public lands without accounting for opportunity cost; scandalous land deals; a spate of ceiling cave-ins and other disasters as a result of shoddy construction; companies that have gone under or closed down, leaving the public paying twice for the hospital; high rates of fatal hospital-based infections that are killing patients.

1530

In fiscal year 2003-04, the government approved transfers to the William Osler Health Centre in Brampton to cover the cost of financing their \$550-million capital project, a P3 project. If there has been an analysis of the cost of continuing that project versus the cost of cancelling that project, we are not aware of it and have not been able to find it. Despite repeated claims by officials in the Ministry of Public Infrastructure Renewal that P3 projects come in on time and within budget, the projected cost for the Brampton P3 hospital rose from \$350 million at the beginning of the lease negotiations to \$550 million at the end of the lease negotiations. In addition to the capital portion, the Brampton deal includes a complex service privatization deal that will last for 25 years and rolls in all of the hospital services. In addition to that, the land is privatized for the duration of the contract.

The people of Ontario will pay approximately \$100 million per year for 27 years for that hospital project. Despite that, nobody here could answer what the health system, let alone the hospital system, will look like in 27 years and what our health care needs will be. Yet we're bound into a rather rigid, inflexible contract for that long duration. The total cost of the William Osler P3 deal is \$3 billion in taxpayers' money, and yet taxpayers are not allowed to access the financial deal or access any tax information about the deal, even though we're paying for it.

I should tell you that the comparator of the costs for borrowing for the private sector compared to the public sector is that this deal is approximately 1% higher in borrowing costs. That totals \$300 million over the course of the contract, or \$174 million in net present value. What that means for our health system is this: It's just over 10% of the entire home care budget for the province. It's more than the government gave in home care last year as an increase—you gave a major 8% increase in home care last year. There is no way to redevelop hospitals across the province with this kind of additional expense. What you will compromise is the whole plan to move care into the community, to modernize the health system and other community care supports.

There are other options. We have provided several ideas to your ministry and to all of cabinet in a paper we produced on options for public finance for hospitals. One of them we'd like to highlight.

Historically, hospitals in Canada have been paid for through a national health grants program in which the federal program provided dollars, provided that the provinces matched them equally to build hospitals. It built about 90% of the hospital capital stock in the country. These 50-cent dollars were incredibly popular with the provinces, and by the end of the program, the majority of our hospital capital stock was built. This program worked to build hospitals publicly, maintain public control over infrastructure and maintain the principle of not-for-profit delivery of services. We are asking your government to use your influence to get a national infrastructure plan on the agenda to provide this funding for hospitals.

Just a few quick other points and then I'll turn it over to Ethel.

Delisting: Again, we opposed the delisting in the last budget. We believe it's regressive and should be reversed.

The Vice-Chair: You have one more minute.

Ms. Mehra: Oh, sorry; go ahead, Ethel.

Ms. Ethel Meade: I have one minute? I might as well not. Go ahead.

Mr. Wilkinson: Mr. Chair, I believe the rotation goes to us. We'd be more than happy to listen to Ethel and give up some of our time for the question so they have an opportunity to express themselves.

Ms. Meade: OK? My name is Ethel Meade, and I am the community co-chair of the Ontario Health Coalition. I, of course, support everything that our coordinator,

Natalie, has said, but I want to focus on one particular aspect of health care spending, and that is supportive home care.

I speak as a representative of Care Watch Toronto, which is an affiliate of the Ontario Health Coalition. It is a network of individuals and organizations focused on improving the quality of life for persons receiving in-home care. We're concerned with other aspects of our health care system, especially as they impact on seniors, on those managing chronic illnesses and on those coping with age-related or other disabilities.

Despite the loud cries from current and past Ontario governments, from the Fraser Institute, the C.D. Howe Institute and the Globe and Mail's Jeffrey Simpson, we remain unconvinced that Canada's and our province's health care system is facing a huge financial crisis. When health care costs are measured as they should be, as a percentage of our gross domestic product, anyone can see that what we spend on health care has increased only marginally and is by no means out of line with what is being spent in other industrialized countries. The exception, of course, remains our neighbours to the south, who spend so much more and still leave so many people without care at all.

While we want to congratulate the government and its Ministry of Health for their efforts to improve conditions in long-term-care homes and to reform the delivery of primary care, we have yet to see any sign that community care access centres and community support agencies that deliver in-home care are to be financed adequately for their double role. For many years, health ministers have seen home care's first and most highly prized function as enabling post-acute patients to recover safely at home, thereby reducing hospital costs. But their second, and what we consider equally important, role is to provide supportive care to the elderly and the chronically ill or disabled so that they can remain in their own homes as long as possible, thereby reducing their need for more expensive health care, such as visits to physicians, episodes in acute care, and admissions to long-term-care homes. As long as seniors and others needing supportive care have to compete with the very sick patients being discharged from hospitals, seniors will continue to get the short end of the stick. It remains difficult to understand why governments see so clearly the cost-effectiveness of post-hospital home care but seem to remain blind to the cost-effectiveness of supportive care for those with age-related and other functional deficits.

Dr. Marcus Hollander's study for Health Canada of the cost-effectiveness of home care has been available since early 2002, without apparently affecting this blindness at all. Dr. Hollander's report, *The Third Way: A Framework for Organizing Health Related Services for Individuals with Ongoing Needs and their Families*, has no relation, of course, to Premier Klein's current musings. The Hollander report puts forward a thoughtful definition of what he calls "continuing community care." He defines the population groups whose needs such care should meet. The groups are seniors, adults with dis-

abilities, adults with mental health problems, and children with special needs. At the end of the report, he suggests two other groups whose needs might be similar: adults with addiction problems and HIV/AIDS patients.

To differentiate continuing community care from other segments of health care, the report elaborates on the difference between care and cure. The curative model is a biomedical model, the goal of which is to cure some disease or restore function to a limb or an organ injured in an accident. Such needs are met by doctors, nurses and rehabilitation therapists, who focus on the specific medical condition. Their relationship to the patient is professional; that is, it focuses on the expertise of the care provider. Anyone may need such acute specialized care at any time, but the need is acute and short-term.

1540

The care model, on the other hand, is supportive and oriented toward psycho-social needs, and its goals are to provide services that reduce the rate of decline, support independence and provide the best quality of life possible. It assists people with long-term functional deficits to deal with their physical and social environment in as normal a way as possible. Such needs are met by nurses and other health professionals, but also by social workers and homemaking personal support workers who focus on the whole person and his or her environment.

Supportive care is holistic and client-centred. It respects the expertise of the client and family in regard to the client's needs.

The Vice-Chair: Unfortunately, we've used up the question time as well.

Ms. Meade: I have one paragraph, OK?

We hope that Mr Sorbara and this committee will take account of Dr. Hollander's valuable and comprehensive national evaluation of the cost-effectiveness of home care, which involved research at universities across the country over a period of several years. We are stressing cost-effectiveness because that sometimes seems the only aspect of any subject that finance ministers and budget-makers can hear, but we must reiterate in closing that we find it impossible to believe that, given the new federal funding and the proceeds of the health premium, given these realities, there is not enough money to invest in substantially increased supportive home care, especially now that its cost-effectiveness over a three-year period has been incontrovertibly established. Thank you.

The Vice-Chair: Thank you both for your presentation. That ends it, as the question time is used up.

UNITED WAYS OF ONTARIO

The Vice-Chair: The next delegation is the United Ways of the greater Toronto area.

Thank you very much for being here. You have 10 minutes to make your presentation. There will be five minutes then for questions, which will go to the official opposition. You may begin, and state your name for the purpose of recording Hansard.

Ms. Shelley White: My name is Shelley White and I'm the CEO of the United Way of Peel region. Joining me today is Bill Morris, manager of government relations for the United Ways of Ontario. I'm here today representing the United Ways in the greater Toronto area, particularly those outside Toronto in what has become known as the 905. First, let me thank the committee for the opportunity to appear before you today and make our views known with respect to the upcoming provincial budget.

Communities in the 905 area share many of the same characteristics and witness similar social and demographic trends. Our communities are part of Canada's largest economic region and commuter shed. All of us are experiencing significant population growth and urbanization. Despite our collective reputation for growth and affluent new neighbourhoods, we also struggle with a wide range of unmet social needs and unfortunately have a considerable number of households living in poverty.

As United Ways, our mission is to improve lives and build community by engaging individuals and mobilizing collective action. United Way is Canada's largest federated charity. Our annual fall fundraising campaigns are currently wrapping up. We are very proud of our fundraising achievements and extremely grateful for the generosity of United Way donors.

It's important to put our relative fundraising ability into context, particularly compared to the taxing power of government. Last year, Ontario's 46 United Ways raised just under \$200 million, while the province had revenues of nearly \$80 billion. Put another way, the province receives \$400 for every dollar we are able to raise. The 905 United Ways collectively raised a little more than \$23 million last year. Those dollars support the work of 200 separate community-based agencies and the vulnerable children, youth, adults, seniors and families they serve.

In many cases, we work collaboratively with various levels of government. Our close proximity to the community allows us to recognize emerging problems early and to quickly respond with innovative programs and solutions, as was the case with the introduction of rent banks, which have proven effective in preventing people who fall behind on their rent from being evicted and descending into a further cycle of homelessness.

Quite often, however, these initiatives require partnerships with government, because the scale of need is more than our resources can address or because government's participation complements our effectiveness. I'd like to highlight three initiatives on which Ontario United Ways are eager to collaborate with the province, but let me first start with a brief story that illustrates why these initiatives are needed, and their value.

On Christmas Eve last year, a man came into our office. He was desperate and didn't know where to turn. He was new to the community, having come from northern Ontario hoping to improve his employment skills and find work. However, after paying his first and last month's rent, he had no money left for transit or

food. The good news is that my staff were able to help him locate an emergency food program and an agency that could provide him with bus tickets so he could get the food and continue to attend his training. We also dipped into our own pockets to help him get through the holidays. But even though we are better plugged into the social service network than many, it still required more than two hours to find agencies that were open and could provide the assistance needed. What this person needed was affordable housing and an effective way of finding the programs and services he needed to get through a difficult period in his life.

The waiting list for subsidized housing in the 905 exceeds 30,000 households. Those who apply today can expect to wait seven to 10 years. The high cost of housing currently places a huge strain on community infrastructure and programs. We believe the province needs to make significant investment in proven strategies aimed at alleviating the housing needs of vulnerable and low-income Ontarians.

The first priority should be funding for rent supplements. This would provide immediate relief for households now on the waiting list for subsidized housing and go a long way to stabilizing the lives of people struggling to make ends meet. The provision of rent supplements can also help people who are currently homeless, by addressing their number one challenge: affordability. One only needs to look at the former residents of Toronto's tent city and the incredible success rate and transformative impact that rent supplements had in getting people off the streets and helping them to rebuild lives.

The province has, thus far, failed to match the federal funding under the existing affordable housing initiative. As a result, the housing created through this initiative is not available to those who need it the most. We would recommend that the province fully match the federal funding through the provision of rent supplements.

Second is energy assistance. On a related topic, the rapidly increasing cost of gas and electricity is becoming a major problem for low-income households and people on fixed incomes. These costs are increasingly resulting in service interruptions and eviction.

We have partnered with Enbridge to put in place an emergency assistance program for households who have exhausted all other channels of assistance, but it's a modest initiative relative to the scale of need, as is the initiative included in last year's budget. A more comprehensive approach is required to protect low-income and vulnerable households from increasing costs of energy. In the U.S., a number of jurisdictions have in recent years introduced broad-based low-income energy assistance programs using either tax credits or direct assistance. We believe the province should examine the experience and effectiveness of such programs with a goal of replicating or adapting the best of these in Ontario.

Third, finding services and programs: The United Way is leading efforts in North America to revolutionize the way people connect with the services and programs they need. Through our efforts, the three-digit dialling code

211 has been designated for public access to social, health and government services, both in Canada and the U.S. Like 911, 211 is an easy-to-recall number that provides fast access to a broad menu of information and streams calls to the right place. Right now, people looking for social, health and government services make, on average, seven calls before finding what they need or giving up the search. All these errant calls result in a huge, unnecessary cost to government and community-based agencies and are a source of tremendous frustration to citizens seeking information and services.

Since June 2002, 211 has been operating 24 hours a day, seven days a week in Toronto. Multilingual operators answer more than 1,000 calls per day. Eighty per cent of the calls are answered in less than 20 seconds, and follow-up surveys indicate that more than 90% of callers successfully find the programs and services they need. More than 50,000 people visit www.211Toronto.ca monthly. Many are social service and health professionals working with clients, and others are people who prefer the self-help approach of a Web-based 211 service. In the U.S., more than 100 million Americans now have access to 211. The rapid growth of 211 in the U.S. is a result of the willingness of government to partner with the United Way in its implementation.

United Ways in Ontario have a plan for full, province-wide 211 service. The 905-area United Ways are actively working with 211Toronto on a plan to expand the service to Peel, York and Durham. We are prepared to make significant investments to bring this to reality but need to partner with government to do so.

The province, as the level of government with primary responsibility for social and health services, is a natural partner. As such, the province is also the level of government that stands to reap the most savings that moving to a 211 system offers. A soon-to-be-released cost-benefit study by the Lyndon B. Johnson School of Public Affairs at the University of Texas concludes that each dollar invested in 211 yields a benefit to society of more than \$2.50.

Thank you for your attention this afternoon. I'd welcome any questions the committee might have.

The Chair: Thank you very much. Your timing is very good. We'll move to the official opposition.

Mr. Jackson: Welcome, Shelley. It's good to see you again. And thank you for being here, Bill.

I'd like to expand a bit on 211. I know Halton region has been looking at it. It's interesting: I was at a meeting and the police were there, and they hadn't heard anything about it. So it's just really catching on.

I'm intrigued by the notion that the United Way would manage it. Are you suggesting that your offices can facilitate the directing? Would you act as the terminus to circuit the calls—you'd have a computerized database and you could refer people? Is that essentially how it would operate in the U.S.? I know that Halton region is developing it here, not the United Way.

Mr. Bill Morris: Very quickly, we see ourselves as funders, not operators, of the service and see ourselves as

the promoters working with the community-based information referral sector and municipalities in terms of provision.

I'd just say, interestingly, that in Halton we meet in the regional police headquarters, in terms of our 211 meetings, so I'm a little surprised at their lack of knowledge because they've also had representatives on the committee.

The idea is that we put in place a significant database of services and programs that is constantly checked and professionally managed. Here in Toronto, that means that the 211 database used by the operators allows those operators to have access to more than 20,000 different services and programs offered by more than 4,000 agencies. What we attempt to do is assess callers' needs and stream them to the right place for their needs.

In doing so, we are often able, because we're in the business of doing this all the time—and I'm saying "we" in terms of our partners that actually deliver the service—to get a very good feel for the delivery capacity that's out there and help people navigate around bottlenecks. We understand eligibility requirements. We attempt to stream people not just to the best available services for them but to the ones we know are most likely to be available for them.

Mr. Jackson: I like the principle, because, as you know, more and more regional governments are getting involved in health-related issues through their departments of public health. We had an earlier deputant who talked about coordinating children's services. Of course, the best place to be doing that is at the regional level because it's a focal point for case management.

Maybe I could shift the questioning, because I'm not going to have very much time, to ask you a more general question. If we take the microscope up and talk about the change in how the United Ways have reacted to the changing needs in the 905 for the dollars that you have, which are very limited and very precious, right? You never in any given year have been able to fund everything that's been asked of you, and we know that. My question is really, how have you seen that change in the last few years, in terms of where there's a larger demand for your funding because it backfills for government in some instances, but in a lot of cases, as all of us are aware, you're the sole funder, save and except individual fundraising, so there would be no government partner if it weren't for the United Way. That's a very difficult position to be put in.

Ms. White: We've approached that in a few ways. One is that we're working very closely with other funders in our community. In Peel, for example, we've established what we call a funders' consortium, where we have the region of Peel, the municipalities, the Trillium Foundation, the Maytree Foundation, the United Way, HRSD, the Ministry of Community and Social Services and the Ministry of Children and Youth Services all at the table together looking at what the needs are in the community and determining how best we can work together as funders to meet those needs. That's one way.

Second, we have a program through our community-building line of service called strengthening organizational effectiveness, where we're working with agencies to help them develop their own revenue-generation capacity as well.

Those are two methods, and then certainly the United Way is looking at how we can work more effectively

with our communities and attract more donors so we can generate more revenue as well.

Mr. Jackson: Thank you very much.

The Chair: Thank you for your submission this afternoon.

This committee is adjourned.

The committee adjourned at 1556.

University of Toronto.....	F-1441
Mr. Frank Iacobucci	
Elementary Teachers' Federation of Ontario	F-1443
Mr. David Clegg	
Ontario Coalition for Better Child Care	F-1446
Ms. Kira Heineck	
Ontario Health Coalition.....	F-1448
Ms. Natalie Mehra	
Ms. Ethel Meade	
United Ways of Ontario.....	F-1450
Ms. Shelley White	

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Research and Information Services

CONTENTS

Wednesday 19 January 2005

Pre-budget consultations	F-1397
Toronto Parent Network	F-1397
Ms. Cathy Dandy	
Ms. Cassie Bell	
Registered Nurses Association of Ontario	F-1399
Ms. Doris Grinspun	
Canadian Taxpayers Federation.....	F-1402
Ms. Tasha Kheiriddin	
Greater Toronto Hotel Association	F-1405
Ms. Michelle Saunders	
Canadian National Institute for the Blind.....	F-1407
Mr. Bill Laidlaw	
Ontario Secondary School Teachers' Federation	F-1410
Ms. Rhonda Kimberley-Young	
Ontario Long Term Care Association	F-1412
Ms. Karen Sullivan	
Mr. Brent Binions	
Association of Colleges of Applied Arts and Technology of Ontario.....	F-1415
Mr. Rick Miner	
Mr. David Lindsay	
Merck Frosst Canada Ltd	F-1417
Ms. Tama Donoahue-Walker	
MyChoice.ca.....	F-1419
Ms. Nancy Daigneault	
Ontario Forestry Association.....	F-1421
Ms. Carla Grant	
Mr. John Cary	
Advocacy Centre for Tenants Ontario	F-1423
Ms. Kathy Laird	
Ontario Physiotherapy Association	F-1426
Ms. Christina Boyle	
College of Physicians and Surgeons of Ontario.....	F-1428
Dr. Gerry Rowland	
Dr. Rocco Gerace	
Ontario Chiropractic Association	F-1430
Dr. Dean Wright	
Dr. Bob Haig	
Ontario Campaign 2000	F-1432
Mr. Colin Hughes	
FilmOntario	F-1434
Mr. Brian Topp	
Ms. Sarah-Ker-Hornell	
Canadian Institute of Public and Private Real Estate Companies.....	F-1437
Mr. Michael Brooks	
Mr. Chris Conway	
Ontario Campaign for Action on Tobacco	F-1439
Mr. Michael Perley	

Continued overleaf