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Lundi 17 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 AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 17 January 2005

Lundi 17 janvier 2005

The committee met at 0901 in the Four Points Sheraton, London.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will please come to order. The committee is pleased to be in the city of London for our first day of hearings this week.

For the committee, at your seats is an answer from research to a question that was asked previously.

Mr Colle?

Mr. Mike Colle (Eglinton–Lawrence): Mr. Chair, on a point of order: I would like to seek unanimous consent to add two organizations to present to this committee. There has been a request for an organization called WRAFT, a waterfront owners' association across Ontario, to be added to the agenda in Whitby, and the Toronto Board of Trade has asked to be added to the agenda tomorrow in Toronto. Those are two requests that we've had.

The Chair: Do we have unanimous consent? Agreed.

If there's no further organizational business, we'll move to our agenda.

CITY OF LONDON

The Chair: First this morning is the city of London.

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

Mr. Tom Gosnell: Thank you, Chair. I'm Tom Gosnell, deputy mayor of the city of London. Joining me are Grant Hopcroft, director of government liaison, and Martin Hayward, director of financial planning and policy for the city of London.

Thank you very much for the opportunity to make a presentation. We applaud the efforts of the government to create this committee so you can come out and talk to interested stakeholders in the province.

Municipalities are on the front line of creating economic growth and developing safe, healthy and vibrant communities. The aggregate strength of Canada's municipalities, and in particular its cities, will determine Canada's place in the global economy. Funding pressures are affecting all orders of government and in particular

are impeding the ability of municipalities to prosper and grow.

In recent years, a number of services have been realigned to increase local delivery and funding of those services. Ontario municipalities are now more extensively involved in the delivery of health, housing, income redistribution and other infrastructure/economic development programs. While some property tax room was created for municipalities to deliver these new programs, experience has shown that the property tax base is simply not adequate to fund current municipal responsibilities. In addition, continued regulatory demands are placing increased pressure on a regressive tax, resulting in many on fixed incomes being placed in a difficult financial situation and, in their words, at the point of losing their homes.

There are three points we wish to bring as part of our pre-budget brief. One is to thank you for the changes you've made, such as sharing the gas tax. The second is to talk about how we need to stop the bleeding and place a moratorium on regulations that ultimately affect municipal costs and revenues. Third, fix the problem: Fund income redistribution and other soft services from nonregressive tax sources. Allow Ontario municipalities to be competitive, while allowing Ontarians to enjoy accessible social, health and safety services.

We have some common interests. They are building strong communities throughout the province, maintaining a sustainable social safety net, maintaining and developing our infrastructure, and supporting economic development, all of which I think are in the long-term financial interests of both the province and the cities.

The provincial government is moving toward a new deal, and we applaud that. We've applauded the provincial transfer of the gas tax. We understand there's a memorandum of agreement with AMO to keep working on it. Much more has to be done. But in the short term, we have to stop the bleeding. Every year since the original 1998 local services realignment, new pieces of legislation, regulation or standards have been introduced that require an increase in the cost on the municipal property tax base. Over the last two years alone, London has had over \$13 million downloaded to the tax base. We need your help to regain control of those expenditure increases, and the municipality to work with the province on a longer-term solution. To do that we have the following recommendations.

The first is to place a moratorium on legislation, regulations and standards that drive up municipal costs. For example, newly introduced changes to eligibility requirements for Ontario Works and the Ontario disability support program will drive up caseloads. We are looking at a very significant cost for the drug program in the case realignments, and that's part of the brief you have before you.

Second, we need to change the arbitration process to allow for greater fairness toward municipal taxpayers when awards are made. Again, we've outlined that.

The third point is that cost sharing arrangements for land ambulance need to be revisited. This started as a 50-50 agreement with the province. It is now almost 40% province and 60% municipality. For the municipality of London alone, that's a \$1.3-million annual burden, and that needs to be addressed. There need to be new user fees for land ambulance, requiring regulatory changes.

The education tax for London is very crucial for us. The education tax for London in the industrial class is higher than in any other Ontario municipality, while the commercial rate is among the highest. We need to work with the province to bring that into a proper realignment.

An area where the province can help us immediately is to make the PST exempt or at a minimum zero rate, similar to what the federal government has done with the GST. We think it would be a good faith precedent of the government of Ontario, indicating that they're prepared to work with the cities of Ontario.

There are other areas in here. We need to fix the long-term problem. We have the highest municipal taxes of any province in Canada. We need to address that. We're becoming uncompetitive. We have appreciated and continue to look forward to working with the province in the area of economic development, but we believe that some of the programs we're now delivering need to be uploaded back to the province. Included in that are social housing, public health, and social services and drug programs. Those programs, in our view, are not appropriately attached to property tax, and we think that's an area where we need further discussion with the province.

Historically, property taxes paid for services provided to property. We don't have any room to increase property taxes significantly in Ontario. Property taxes as a percentage of household income are higher in Ontario than the Canadian average. Other provinces, such as Manitoba and Alberta, allow for sharing of other taxation sources. Ontario municipalities deliver a wider variety of services to London citizens as a result of the local services realignment exercise. It's now time for all three orders of government to embrace a who-pays-for-what review to more fairly match government revenue sources to program funding responsibilities. We to put the "proper" back into property tax. The city of London provides a wide spectrum of services to London, and we are held directly and immediately accountable for effective program delivery, notwithstanding the limitations of the property tax base to fund new responsibilities and ever-increasing standards. New funding sources at the local

level are vital if we wish to promote a sustainable quality of life and prosperity for our future.

0910

There is other information that we've made available to you. Our contention is that we don't believe that municipalities are going to be sustainable in the longer term. We cannot be so uncompetitive with other municipalities south of the border or throughout Canada, and I believe this issue requires urgent attention by all parties.

For example, we've had the federal child care program. Alberta directed 100% of that financing directly to the municipalities; in Ontario, we are being required to add 20% to it. That was not what the federal government intended, and it creates burdens on the local taxpayer. That's just one example of where, over the last two years, we've seen \$13 million, or almost a 4% tax increase, at the local level because of downloaded legislated or mandated programs.

We look forward to the opportunity of working with you. We applaud your effort, Chair and committee members, to go throughout the province to talk to people like ourselves and other interested groups. Somehow we have to figure out a way to make cities sustainable. If we don't, the ramifications are as profound for you as the province as they would be for us as cities. Thank you very much.

The Chair: Do you have any further comment? You have about a minute left in your time.

Mr. Gosnell: Mr. Hopcroft will speak to this issue.

Mr. Grant Hopcroft: If I could direct you to page 10 of our brief, one of my responsibilities with the city is our industrial land development. One of the discrepancies we've seen in terms of the fairness of the tax system is that we make a tremendous investment locally, in some cases supported by provincial and federal SuperBuild funds, and we look forward to some infrastructure funding in the future. We've seen, through our industrial development strategy here in the city, growth of some 6,600 new direct and indirect jobs over the last three years. The income from that new employment is \$280 million, based on the multiplier effects we've calculated, generating some \$135 million in new taxes to the three orders of government. Of that, the municipal tax increase is only \$8 million; the balance of that is split between the federal and the provincial governments.

So when we're doing things right—when we're creating jobs, when we're strengthening our communities—we're seeing only a very small fraction of the income from our investment returned to us, and the beneficiaries of that are the federal and provincial governments. What we need in the longer term is more of that money staying in our local communities so that we can continue to make those kinds of investments and keep our economy growing.

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

Mr. John O'Toole (Durham): Thank you very much for your presentation. It's a pleasure to be here in London today on a cold, bright morning. It was an excellent presentation, I would say.

Many members of the committee on all sides have spent time at the municipal level, as I have, and are quite aware of some of the challenges that were looked at over the years under the various disentanglement, fair tax and other reports that have been done over the last decade with respect to redistribution of wealth. Pretty well everyone would understand that about 75% of your total budget is wages and benefits, and that's a variable cost, if you will, that's tied to contracts and other engagements.

You have three real points here that I think are important. We're very fortunate this morning to have the Minister of Labour, the Honourable Chris Bentley, here. I hope he is listening to your request for changes to the Arbitration Act. I can remember on council as well dealing with arbitration decisions that said, "irrespective of the community's ability to pay." The awards were never reflective of the natural costs and the incremental value of assessment or whatever your drivers were.

The other one is uploading, which has also been the subject, for the last decade, of innumerable studies. Grant Hopcroft would know most of this stuff; I think you were part of the Who Does What panel.

Mr. Colle: Yes, blame him for that.

Mr. O'Toole: I wouldn't blame him. I think he tried his very best, and he's still here trying to fix the system of inequitable distribution of income.

The third point I did hear very clearly was looking for new sources of revenue—the province and the federal government have committed the gas tax. Those would argue that in communities like mine—my riding is Durham, a growing area; I think Port Perry actually has the highest property values in Ontario. It should be, because it's a great place to live, to work and to raise your family.

If I wanted to boil this down to a question, I would say, would you like to comment, given that we've established that your budget is basically payroll and your revenue source is pretty well maxed out—in some part of your thing here, you said you're concerned about those on fixed income. I am as well.

These people, who live in the older parts of town, are often retired, their income is somewhat fixed and their assessments quite often are preferred living areas. As such, you want to comment on the arbitration, and that's because police services and other kinds of emergency services are going through the roof. We're calling for more and more service all the time, and the service level agreements that are required by provincial standard are somewhat problematic—10 and 10, and other different rules.

You might want to comment on where you'd like to see the new source of revenue come from. That's the issue. At the end of the day, if you're tied to the property tax base and your assessment base is frozen, you've maxed out all the property and growth options—

The Chair: You have about a minute left, Mr. O'Toole.

Mr. O'Toole: I'll give you a minute to respond, because you've covered a lot here. I just wanted to indicate

that we were paying attention and we're interested in any new ideas you might have.

Mr. Gosnell: The immediate thing you could do for municipalities is exempt us from provincial sales tax. That would have an impact of \$8 million on the city of London, and that would be a good-faith precedent you could recommend to the government in the budget that would go a long way to meeting a lot of our requirements.

Secondly, the whole issue of uploading: You have municipalities providing and delivering services that were never, ever intended to be on the property tax base. We need to talk about how we take those off the property tax base and deliver them in a different way. If you can do that and if we can live up to our agreements—The deal with land ambulance: We'd like you to take it back, but it was set up as 50-50. The arbitrators gave them a 30% increase in wages over two years, but the province capped its transfer payments to the city at 2%. You are now a 40% partner, not a 50% partner. That's not what was intended. That's a \$1.3-million hit on the city of London.

The third thing is that we now see regulations being prepared in-province that affect Ontario Works. You've had a committee go out across the province and talk about the need for social services. We're not disputing that changes need to be made, but those potential recommendations stand to cost the taxpayers of this city millions of new dollars every year and we've had no say in it. We have to pick up the cost.

Secondly, we pay \$17 million in management of Ontario Works. You're supposed to pay 50% of it; you're paying on \$12 million, not \$17 million. If that 50-50 was brought back in, which is the understanding of how the program works, it would mean an additional \$2.5-million transfer to the city.

So, number one, PST, and number two, programs should not be confused between the province and the federal government, especially on social services and housing. There should be the prerogative in direction of the provincial government. Other programs more directly related to property should be exclusively the jurisdiction of local government. If we can somehow get who does what straightened out, then I believe that in the longer term we will have a much more satisfied population, not just provincially at your level, but municipally at ours, and we'll have more accountability and more responsibility to the taxpayers of the province.

The Chair: Thank you for your presentation this morning.

Mr. Gosnell: Thank you, and good luck with your committee, Mr. Chair and members.

0920

GREATER KITCHENER WATERLOO
CHAMBER OF COMMERCE

The Chair: I call on the Greater Kitchener Waterloo Chamber of Commerce to come forward, please.

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

Mr. Todd Letts: Thank you, Mr. Chairman. My name is Todd Letts. I'm president and chief executive officer of the Greater Kitchener Waterloo Chamber of Commerce. I want to thank the committee for the opportunity to present our pre-budget submission to you today. Before you is our 2005 pre-budget submission titled Focus on Prosperity.

As I'm sure you're aware, the Greater Kitchener Waterloo Chamber of Commerce is Ontario's second-largest chamber. Our submission that is before you today is prepared by approximately 45 volunteers. We represent businesses that are small, medium and large, in a diversity of industries, be it auto or food, and the small mom-and-pop shops as well.

I'm going to focus on pages 12 and 13 of our submission to begin with. During times of financing deficit budgets, decision-making on budgets tends to focus on the increase of taxes or the cutting of services. We want to kick off our presentation by asking the standing committee to consider making the revenue pie bigger by focusing on initiatives to enhance prosperity. This really has been the focus of the Greater Kitchener Waterloo Chamber of Commerce and businesses in Kitchener-Waterloo for the last two and a half years. We've established a prosperity council of Waterloo region that's really focused on creating and generating community wealth.

On page 13, as part of our benchmark we reference one of the province's task forces, the Task Force on Competitiveness, Productivity and Economic Progress. In their most recent annual report they've indicated that, although we are quite competitive worldwide, when it comes to our peers in North America, Ontario ranks 13th out of 16 in terms of prosperity.

I have a question for committee members, and that is, we have a prosperity gap here of just over \$6,700 per household compared with our American counterparts. Just think what an additional \$6,700 in disposable income would mean to your family and to your constituents. It would go a long way toward mortgage payments, renovations, recreation, retirement savings etc. That's really been the focus of our efforts in Kitchener-Waterloo.

I think the most important factor is that by focusing on prosperity and creating an environment that helps businesses to create jobs, more jobs, and also attracts more investment to Ontario, it has a ripple effect right to tax revenue. Again, the estimation from your committee is that more than \$13 billion in additional tax revenue would be delivered if we addressed that prosperity gap.

What in particular are we referring to with respect to our recommendations? You'll see our recommendations are outlined in the summary from pages 4 through 10. One particular recommendation that I want to highlight is the capital tax. The capital tax is put on equipment and

new technology. Ontario is one of the few jurisdictions in North America that has a capital tax, and it really penalizes investment in productivity and innovation. If there's one thing the committee can recommend in the 2005 budget, given that there are a number of pressures on our manufacturers—the offshore competition, the border infrastructure delays, the uncertainty with respect to electricity supply etc.—the Greater Kitchener Waterloo Chamber of Commerce urges the provincial government to take a close look at the capital tax and eliminate it in this year as opposed to 2008, which is the original plan.

As well, you'll see in our recommendations that we recommend, similar to the comments of the previous delegate, the importance of municipal competitiveness. In particular, we're strong supporters of regional urban economic development and the issue of, in your most recent paper, Places to Grow, the importance of re-urbanization and control of sprawl. We certainly encourage the province to direct provincial investment into brownfield redevelopment. I know that Minister Caplan and Minister Sorbara have indicated approval of the plans we have in Kitchener-Waterloo for investment along our central transit corridor, in our downtowns. The province can do a big part with respect to investment in brownfields.

We have one particular issue as well that I urge the committee to take a look at, and that's with respect to whether provincial legislation allows upper-tier municipalities to participate in the financing and cleanup of environmentally contaminated sites through the tax increment financing vehicles through the community improvement plans that lower-tier municipalities have. There appears to be some confusion with respect to our region of Waterloo being able to participate in such initiatives.

Lastly, as a community that benefits from having two universities and Ontario's number one college, the economic development and the economic development success of our community hinge very much on attracting and retaining skilled labour. With respect to investment in people, investment in skills training and productivity, we certainly urge the province to leverage more federal government participation in the issue of skills development. Of course, Ontario is the only province that doesn't have a labour market development agreement, and that's estimated to cost Ontario quite a bit of money that could be used for skills development. Significantly less money is spent here federally than in Quebec, for example.

Lastly, we compliment the provincial government on their review of post-secondary education: the Rae commission. We have made a separate submission on that, but increasing investment in colleges and universities to meet the national average in three years is core to our recommendations today.

Ladies and gentlemen, I want to thank you again for the opportunity to present our submission and to comment, and emphasize a couple of our recommendations in particular. It is a very challenging time for many of the businesses in Kitchener-Waterloo, as I've mentioned,

with respect to decisions they're having to make with respect to jobs either here or in other parts of the world. Investment in the border is something that's very important so that we can get goods to our US customers. We certainly want to work with the province on a number of initiatives to help Ontario's prosperity. Again, as indicated in our submission, by focusing on prosperity, everybody wins.

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

Mr. Michael Prue (Beaches–East York): Thank you very much. It's a very interesting submission. I have to tell you it's rather extensive. But most of it requests the government of Ontario to spend a great deal more money. As I go through it, on page 4: construction of a new Highway 7; establish a GO Transit service; invest in a central transit corridor; enhance post-secondary education; improve the Canada-US border infrastructure. Then we come to page 9, and the recommendation is that we decrease taxes. How do you possibly think that we can do all of those things with less money?

Mr. Letts: That's the interesting paradox. I appreciate the question. It's strategic investment, as well as strategic tax relief. We're in competition, as I know you're aware, Mr. Prue. Our companies are trying to attract talent from around the world. As well, we've heard most recently from our manufacturers that competition from China in particular, with their renminbi pegged to the US dollar, with government incentives to those companies there, is really causing a lot of pressure on companies to keep the jobs that we have here and to attract new talent. The only way Ontario is going to continue to compete and continue to prosper is by moving up the intelligent curve. What that means is investing in new equipment and new technology. By relieving the capital tax, for example, in this budget, that will allow more people and more companies to be able to prosper better, to hire more people and, in fact, as indicated by one of your committees there, the Institute for Competitiveness and Prosperity will have a direct impact on raising tax revenue for the province of Ontario.

0930

Mr. Prue: There are many who argue, and I have seen papers on it, that the capital tax—it brings in a lot of money; there's no question about that. Removing the capital tax may help some manufacturing industries, but who it helps most are the banks and the insurance companies, who are making record profits already. What do you say to that?

Mr. Letts: I think the focus really has to be on manufacturing for the 2005 year. I'll read to you the synopsis of the observations of one of our manufacturers that has been quoted quite heavily by China. He indicates that exporters—export from China would be the scenario—would for the first two years not have any corporate tax at all. The next three years would be 50%. Income taxes vary by location in China but are between 7.5% and 12%, compared to 36% here in Canada. Housing for employees is all deductible, property tax is significantly lower etc.

Faced with the competitive environment that Ontario manufacturers are placed in, it doesn't make sense to penalize them with an additional tax that's not in any other jurisdiction in Ontario, a capital tax for being more innovative and for investing in new technologies. Given the fact that in southwestern Ontario, and in particular our community, more than 24%—actually 26%—of our labour force is in manufacturing, that's where we think the focus for Ontario should be in 2005.

The Chair: Thank you for your presentation.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair: I would ask the Ontario Public Service Employees Union to please come forward. Good morning. You have 10 minutes for your presentation, and there may be up to five minutes of questioning after that. I would ask you to identify yourself for the purposes of our recording Hansard, and you may begin.

Ms. Paddy Musson: Thank you very much. My name is Paddy Musson. I chair the unit within the Ontario Public Service Employees Union which represents professors, instructors, counsellors and librarians in the Ontario community college system. There are 24 community colleges. The presentation on the union as a whole will be made by Leah Casselman in Toronto. I am delighted to have the opportunity to simply come across town, as opposed to going down the 401 to make this presentation to you.

The decision to set up the Rae commission has been met with extraordinary enthusiasm amongst our members. We see that the Rae commission will really cast light on many of the issues that the colleges are facing. But the Rae commission has also raised expectations that some of the relief will come and, with that relief, it will involve greater spending. So this morning what I would like to do for you is to focus on some of the issues which we think are critically important to ensure that money spent is money well spent in terms of restoring the community college system.

The first element I would like to address is the issue of quality. In the community college system, we have seen a rather profound decline in quality, albeit a decline that has been masked. In part, we have been responsible for the invisibility of the erosion that has occurred. No one likes to talk about the fact that you're not doing as good a job as you did in the past, but we do think we really need to speak up in order to stop that erosion.

From 1987 to 2002, there has been a significant decline in the number of faculty in the community college system. By management's account, those numbers are 23%, and you wouldn't be surprised to know that we have slightly higher counts from the union perspective, as high as 30%.

As that decline occurred, the number of students increased by 43%. You might ask, "How is that possible? How could you possibly pack that many more students in

as you got rid of faculty?" Well, I would like to address that for you.

One of the things that has happened is that rather than have full-time faculty, what we've seen is the use—we believe the excessive use—of part-time faculty. When I started in the college system, part-time faculty were basically hired to provide some specialty courses. They were not relied on. In the division I teach in, which is the English/sociology/psychology area of the college, 60% of the people teaching in that area are now part-time teachers.

One of the special problems associated with that is that by Ontario legislation those individuals do not have the right to be unionized, and the consequence is that the work that has been passed on to them has been very significant. There is nothing that stops them from having three and four classes consolidated into one in order to keep costs down. If you consolidate three classes into one, your ability to grade students—give them proper feedback—gets profoundly compromised. And the system has become profoundly compromised.

Another thing that has happened in terms of quality is that we have seen a reduction in terms of the hours of teaching. That reduction has occurred in two ways. One is that where we used to offer 16 weeks of instruction a semester, that has been reduced to 14. Courses that were significantly longer—for example, I'll give you the basic English course that's offered at Fanshawe: A course that once was five hours a week is now two hours, and one hour of lab time. That so-called lab time is what we call phantom hours. What it really results in is that hours that once were homework now get put on the timetable in order to give the illusion that the instruction is taking place.

If you look at just those issues, you can see that we have a quality concern that simply must be addressed, and must be addressed in this coming budget. The consequence of the work we do has implications for the economy of the province. If we don't do a good job of training students, the results may not be felt immediately, but they certainly will be felt as the students we turn out are simply not as well prepared as they have been.

We have also cut programs and services in the college. As we have received more students who have disabilities, we have fewer counsellors in the system. As we are receiving students who are essentially a year younger than in the past and have greater needs in terms of counselling, we have fewer counsellors. As we move toward offering applied degrees, the number of librarians in the system has been cut in half, and so we do not even have the materials for students to operate autonomously in terms of getting their education by themselves, if not by us.

So we have a reduction in the teaching staff, we have a reduction in the services that are available and we also have a reduction in the support systems, the support staff that are available to make the teachers' hours effectively used.

Moving on to another issue that I want you to attend to—and I really hope that you would. That issue is

fairness. I don't think the province of Ontario should be operating a college system on the backs of people to whom they deny the right to collective bargaining. Those people are not only denied wages and benefits that are comparable; they're also denied a voice in the system. They have no ability to speak up when they see deterioration occurring within the community college system. The only fair way to treat those people is to give them the same rights as most workers in this province. That is a fact that is little known in the province. Most people are surprised to hear that the bulk of the people now teaching in community colleges do not have the right to be unionized. But that is the fact we are dealing with.

0940

The other area I would like to spend a few minutes speaking to you on is accessibility. There are a number of issues around accessibility, and I'm just going to touch on a few of them.

The community college system was set up to be locally based, and that in part is the reason the system was so successful. We really owe a great debt of gratitude to Bill Davis and the Conservative government when they set up this system. Unfortunately, more recent Conservative governments have allowed some of those accomplishments to be eroded. We are asking you to consider the importance of making sure the community college system remains local. The changes that occurred to governance have actually interfered with that.

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

Ms. Musson: Thank you very much.

If that's the case, let me make my very last comment around accountability.

We have seen in the college system a decline in accountability of government monies that have come to the community colleges. I'll give you a very simple example of that. When I started at the college, if a program made a 5% or 10% contribution to overhead, it was considered to be acceptable. Now, in order to keep a program running, the expectation is that the contribution to overhead will be between 30% and 35%. So you might ask the question, why is so much going into overhead? I'll provide one example for you. In 2003, when the faculty and support staff received a wage increase of 3%, the presidents of the college received a wage increase of 16%. If you take the years prior to that, so that we don't have an anomaly here, 1999-2002, when the faculty received an increase of 10% over those three years in total, the college presidents received an increase of 37%.

We have a system that, when you provide those monies, you provide some strings to those monies to make sure those monies go into maintaining and restoring the quality of education. If the accountability is not provided, then we fear that the monies the government provides will be monies not well spent.

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

Mr. John Wilkinson (Perth–Middlesex): Thank you so much for coming in.

Just following up on the question about accountability, the government has, or the province of Ontario has, the Provincial Auditor, but we just passed a new law to create the Auditor General. The Auditor General's function now is to be able to do value-for-money audits in sectors where provincial money is found that had never been subject to scrutiny before, and that would include universities and colleges. So is it your recommendation, then, that the Provincial Auditor would be called in to look at colleges? And specifically your question, or your concern: Is the value for money that we're receiving from management of colleges?

Ms. Musson: We see that change to be a very significant one. It will be very interesting to see how that happened and how effective it is. What we would suggest to you is that to increase the effectiveness, you need to be able to have employee groups to get some feedback to the Auditor General. One of the things we've experienced in terms of the changes around governance is that the ability—and there's a section in the paper that deals with the Carver model—of the employees of the organization to have input to the board of governors has basically declined to the point of it being considered to be a waste of energy to put your time there. I'm currently serving on the board of governors at Fanshawe College, and I have to tell you that if I were to measure my energies there and the effectiveness there, compared to anyplace else I'm spending my energies, I'd have to say that it's a bad investment of my time.

We are not able to get a voice that comes through to the board. We are not able to get the board to attend to budgeting considerations in the way they historically did. Our fear is that if the government does not set up the structure, the Auditor General will be in a difficult position of getting that information.

Mr. Wilkinson: I can assure you that I believe the Auditor General will have full scope under the legislative powers that he or she has just been recently granted to get into this.

You're suggesting, then, that the province actually mandate or tell the colleges, "You cannot use this Carver model any more for corporate governance and you need to go back to the previous system that we had"—I'm just reading your brief—and then the concerns of the employees would have a more robust voice that could not be ignored. Is that your contention?

Ms. Musson: I believe that would be true. I would also suggest to you that there was a time when the Council of Regents was a more effective body. The Council of Regents paid attention to whether or not the equity pattern that you found in a community was being reflected on the board of governors. That no longer happens. So if you were to create a body that gave advice to the government that had the voices of a variety of stakeholders, as the Council of Regents once had, then you'd have more confidence in terms of where your money is going. But you need that body that governs all of them if you're going to keep the system robust.

The Chair: Thank you for your presentation.

Ms. Musson: You're very welcome.

ONTARIO SECONDARY SCHOOL
TEACHERS' FEDERATION,
DISTRICT 11, THAMES VALLEY

The Chair: I call on the Ontario Secondary School Teachers' Federation, District 11, Thames Valley, to please come forward. 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, and you may begin.

Ms. Wendy Anes Hirschegger: My name is Wendy Anes Hirschegger. I am the president of OSSTF District 11, Thames Valley. I am pleased to be here on behalf of the Ontario Secondary School Teachers' Federation, District 11, Thames Valley, to make a presentation to the 2005 pre-budget hearings. Thank you for the opportunity. I will begin my presentation with a preamble and then make specific recommendations for your consideration.

On December 10, 2002, Dr. Mordechai Rozanski confirmed what the OSSTF had been saying for years: that the Conservative government had been underfunding education since virtually the beginning of their mandate, underfunding it so severely that it would take close to \$1.8 billion to bring it back up to merely "adequate." Dr. Rozanski's report was a vindication of our unflinching opposition to that education-unfriendly government and validation of our concerns.

Immediately, proponents of public education took up the rallying cry, "Implement Rozanski." On December 11, Dalton McGuinty, then-leader of the Liberal opposition, was perhaps the most direct and the most blunt in question period when he called then-Minister of Education Elizabeth Witmer to account: "What is most disconcerting is that this minister still refuses to acknowledge the truth: that she and her predecessors and this Premier and this government stand in the way of our children getting a quality education in Ontario. Madam Minister, just to remind you, it was you and this government who took away the English-as-a-second-language program from our kids. You took away adult education. You took away our kids' guidance counsellors, their education assistants, their psychologists, their phys.-ed. teachers, their librarians. For seven long years you have been successfully robbing our children of the quality education that we believe they are entitled to inside our public schools."

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None of these statements is in any way ambiguous. The Liberal Party stated publicly that they believed the Rozanski report and called repeatedly for its implementation. Given the tenor of Mr. McGuinty's remarks in that speech in the Legislature, we were given to assume that what the Conservative government had taken away, what they had successfully robbed from our students, would be restored by a Liberal government.

Over the remainder of the Harris-Eves government mandate, the Liberal Party, in its opposition role, continued to champion the cause of public education on this

issue. With just four days remaining in the 37th Parliament, on June 23, 2003, Gerard Kennedy was even more specific. On that day, in speaking to the Minister of Education, he said:

“I can understand why you want to avoid the direct question. In estimates committee you said there might be some more announcements in the future, because you have not committed to even one third of the Rozanski report. There is no money, beyond some small dollars for textbooks, for the foundation grant, for more teachers, for smaller class sizes—the single-largest recommendation: \$477 million. There is no money for English-as-a-second-language classes to be improved. There isn’t a single dime for crumbling schools. The fact is, your own independent investigator caught you taking money away from Ontario students and demanded you put it back. But you wouldn’t do it. Isn’t it true that the money you’re talking about is simply the money that the Premier decided would be available for education even before the Rozanski report came out? What the people, the parents and the students of Ontario want to know is, why have you failed Rozanski? Why have you failed to get the dollars that students need back into our schools?”

It is very clear that the Liberal Party knew very well what Dr. Mordechai Rozanski said in his very detailed and well-researched report, and it appeared to understand why the report recommended what it did. Indeed, the Liberal Party campaigned on an education platform, and Dalton McGuinty has repeatedly said that he wants to be known as the education Premier.

For its part, recognizing that much of the Liberal education platform Excellence for All reflected much of its own student success plan, and having monitored the performance of the Liberal Party in the Legislature closely, OSSTF felt that the Liberal Party understood the importance of adequate funding of public education.

Once the Liberal Party formed the government on October 2, 2003, OSSTF thought that, at long last, almost a year after its release, the Rozanski report would be implemented and public education would begin to be turned around by proper funding. Even when the devastating truth about the province’s dire financial predicament became known, Dalton McGuinty continued to say that, even though they wouldn’t be able to do everything it wanted to do for public education right away, public education would continue to be a priority.

Last year, in the 2004 pre-budget hearings, OSSTF acknowledged this and made circumspect recommendations, focusing on the aspects of the Rozanski report which are most critical for the restoration of the public education system. However, when the 2004 budget was finally presented, the implementation of the most critical and fundamental recommendation by the Rozanski report, that relating to the foundation grant, was very conspicuous by its almost complete absence.

On May 26, 2004, the government released its report Delivering Excellence for All Ontario Students. Appendix I of that report is very revealing in terms of how well the government is doing in terms of implementing Roz-

anski. Contrary to the government assertions, there are significant shortcomings, most specifically and most seriously in terms of the foundation grant.

As the basis for its comparison, the government has used the figures from Appendix I, Table I.1 of the Rozanski report, a chart entitled “Estimated Cost of Updating Benchmarks and Proposed New Investments - by Grant,” and added an additional column entitled “Gov’t Response.” There it is very clear that Rozanski’s number one recommendation is given very short shrift: Rozanski recommended \$477 million, but the government had only increased funding in that grant by \$22 million. Since the foundation grant “is intended to cover the components of a classroom education that are required by, and common to, all students, it allocates the same amount per student to all school boards.” As such, it is the largest and most far-reaching grant which provides much of the operating budgets of district school boards and will have the greatest effect on improving the funding situation for public education.

As I mentioned earlier, Gerard Kennedy, now himself the Minister of Education, who chastised the previous government in May 2003 for inferring that it had implemented Rozanski when it had implemented less than 30% of it, now infers that the Liberal government has implemented 82% of it. A closer examination of Appendix I reveals that, in terms of the dollar figures that Rozanski recommended in 14 areas of the funding formula, the Liberal government has put in only 58%.

To be fair, the report also shows education expenditures above Rozanski’s recommendations in some areas and a significantly large number in areas Rozanski never recommended at all. However, the Liberal government, which called the previous government to account for its failure to implement the recommendation related to the foundation grant, has now failed in that regard itself. Less than 5% of the funding that Rozanski recommended be added to the foundation grant has been allocated to it. To echo Gerard Kennedy’s own words, I ask, “What the people, the parents and the students of Ontario want to know is, why have you failed Rozanski? Why have you failed to get the dollars that students need back into our schools?”

Hugh Mackenzie, in his October 20, 2004, report, *Are We There Yet? A Progress Report on Education Renewal in Ontario*, puts it this way: “Equally important, the recognition of cost increases for items other than salaries for 2004-05 begs the question of why the cost increases between 1997 and 2002-03—identified and measured by Rozanski—have never been captured in adjustments to the funding benchmarks.”

“The implications of the failure of the funding formula to keep pace with costs are profound. At present, boards receive approximately 5.9% less under the funding formula than the actual cost they incur in employing the teachers they are legally required to provide. The shortfall in funding for teachers’ salaries does not mean that teachers are paid less; it means that boards have to find money in other parts of the funding formula; it

means that fewer teachers are employed; fewer librarians are employed. Other things contemplated by the funding formula are not being done.”

Let me give you some local examples of what this means. In Thames Valley, we have 30 high schools. However, at one full-time teacher-librarian per 909 full-time-equivalent students, the funding formula only generates 27.67 FTE teacher-librarians for Thames Valley. Furthermore, because only 14 high schools have 909 or more FTE students, many of our high schools have less than a full-time teacher-librarian: six have a teacher-librarian for 0.83 of the year; three have a teacher-librarian for 0.67 of the year; and one has a teacher-librarian for 0.5 of the year. In previous years, the board has allocated at least one full-time teacher-librarian to each high school, but because of increasingly inadequate funding to the foundation grant, it can no longer afford to do so. Given the fact that a well-stocked and well-staffed library is critical to literacy development and enhancement and to the education of all students, here is an example of a benchmark factor seriously in need of updating. Each high school should have a full-time teacher-librarian, regardless of size.

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

Ms. Anes Hirschegger: OK. I'll skip to the recommendations, then. Having outlined the problems with the current situation, I will now focus on specific recommendations which the government needs to implement in order prevent the further erosion of public education, promote peace and stability and achieve its objectives as outlined in its Excellence for All platform.

(1) The Rozanski recommendations related to the foundation grant, bringing it up to date and then keeping it up to date, must be implemented immediately. In addition, government should increase funding to allow the return of staffing levels of teacher-librarians and guidance counsellors. Public education simply cannot wait any longer. It is simply not reasonable to expect schools to run smoothly without adequate personnel and resources.

(2) The education funding formula should be modified to include dedicated funding for school support staff to ensure adequate levels of staffing in school boards to meet office, clerical, technical and plant support needs of the schools.

(3) The government should adjust factors in the teacher compensation grant to assist school boards in the recruitment and retention of new teachers and restore funding for department heads in the foundation grant.

(4) The government must remove the 7.5-average credit cap from the teacher compensation grant.

(5) The Ontario government should re-establish the funding level to students over the age of 21 to the same level as high school students in regular day school.

The Chair: Thank you. I'm going to have to ask the members to read the conclusions on their own. We'll move to the questioning now. The recommendations were put on the record. The questioning will go to the official opposition.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): Thank you for that presentation for OSSTF District 11. I compliment you for monitoring Hansard. It's very important, and oftentimes people who present in the Legislature don't realize it can come back a year later or even 10 years later.

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Ms. Anes Hirschegger: I've been doing it every day since 1997.

Mr. Barrett: Good for you. I say that as a Mike Harris and Ernie Eves Conservative.

Ms. Anes Hirschegger: You're my MPP, actually. I live just outside of Brantford.

Mr. Barrett: I'm also a former member of OSSTF. As you've made clear, the Liberal Party believes the Rozanski report and called repeatedly for its legislation and that it would be restored by the Liberal government. We've had more than one presentation by OSSTF. I will point out that there were commitments made during the election campaign in 2003. In fact, not only the Liberals but also the New Democratic Party and the Conservatives made promises to revise the education funding formula and to implement key recommendations of Mordechai Rozanski.

As we approach budget day in the next few months—and I know this came up from one of your colleagues as well—do you see the budget process, the budget document, as an opportunity for this government to keep its promises?

Ms. Anes Hirschegger: Perhaps if they hadn't been put in such a severe financial difficulty by the previous government, they wouldn't have to be making these kinds of decisions. However, having said that, I think it is important that the fundamental recommendation of the Rozanski report related to the foundation grant be the one that's most seriously looked at. As I said, it does form a great part of the operating budgets of district school boards and therefore will have the most far-reaching effect on improving the situation for all school boards, and therefore for improving student learning across the province.

Mr. Barrett: Briefly, you mentioned that Thames Valley contains 30 high schools. I think you said you're over the Brant way; Grand Erie has a number of high schools. We've lost at least one high school. There are a number of high schools, certainly, in the Grand Erie board, where I represent people who are threatened with closure. I'm not up on the Thames Valley situation.

What direction or advice does OSSTF have for the ability of rural areas and small towns to look for creative or new ways of doing business, to attempt to keep a high school open in a small town?

Ms. Anes Hirschegger: There are several accommodation studies going on in the Thames Valley right now but they all relate to schools that are single-school communities, and therefore it is critical that those schools be given the capacity to stay open. I know they're looking at a number of different things creatively within our board. However, at present all of those things are also

severely underfunded, and if we're going to be looking at things like e-learning or video conferencing, they have to get full funding, as do regular credits, for those options to be considered. Right now, they don't get nearly enough funding in order to make them viable, and they cut into the complement of courses that are available now. When they're creamed off the top, that means other classes are necessarily larger.

The Chair: Thank you for your presentation.

STANLEY KORCHUK

The Chair: I would call on Stan Korchuk to please come forward.

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

Mr. Stanley Korchuk: I'm Stanley Korchuk. I represent really nobody specifically, although I belong to a number of organizations such as Fair Vote Canada and the Ontario Health Coalition, so I am biased in those directions, of course. I'm also a geriatric, so I have some interests in that area too, especially for my aging children.

Thank you for allowing me to appear before you. That it is an all-party committee is especially commendable. I am a retired educator. Having been a teacher of mathematics, a high school principal, a CIDA adviser in developing countries, a superintendent and director of education, and an education officer with the Ontario Ministry of Education, I know something of the inside operation and I know how you can kind of get detached from reality, as my colleagues who were still in the field used to remind me. Since retiring, I have run a private school and lectured at UWO and Trent University. Hence, I shall comment about education first.

During the previous government, conflict with teachers prevailed. It eroded their status in society and their performance. I firmly believe that. I witnessed it when I did a little supply teaching up in Gravenhurst. I am pleased that some of those fences are being mended by the current Minister of Education—perhaps not far enough. In this age of global competition and technology, Ontario's success depends primarily on the quality of its teachers, and of course on education as a whole. Of all the positions I have held, classroom teaching was the toughest. I only taught for three years, and I would never have stayed in it. It was that tough. I urge that teachers be treated with dignity and that they be properly rewarded.

Our tertiary education fees are the highest in Canada—I believe I'm right there. Cut them down, for God's sake. Quebec has done it, I understand. Nearly every other OECD country—that's the 29 richest countries in the world—has minimized financial barriers to university and college. That fine stream of youth excellence must be nurtured, not wasted by financial barriers.

When I was a hospital board trustee recently up in Bracebridge, responsible for physician recruitment, I was

just appalled at the huge debt burdens of young physicians. I ask you, why have we chosen to waste brains? Why? I'll tell you one thing as a little aside. Back in 1950, as a young, poor farm boy, I would never have acquired three degrees. I would never have acquired one.

Health care: 20,000 London citizens—I believe I'm right there—lack family doctors. That number may triple in 10 years. Then there is the growing nursing shortage. Communities across the province compete over scarce human medical resources. I was involved in that competition. "So what?" You pick it up for one community and that one loses. You don't win as a province.

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Has there ever been a human resource and industrial strategy created in Ontario? Is there a master plan? I'm not sure. I've never read of one. Maybe there is one. Maybe it's something you can answer. A lot of countries do have industrial strategies that plan all these things. Our governments, to me, appear not to know where they are going. It's a political trip without a rudder.

Some argue that, as many of the richest 29 countries do have a private component in health care, Canada too should open the door to private health care delivery. Well, we already have about 30% of health care expenditure coming out of the pockets of citizens or from supplementary insurance. There is a powerful, dominant trend to privatization. I don't agree with it. I have concluded from my research into privatization of health care and other social services that the cost increases by about 30% and the quality of service deteriorates when you privatize.

Especially regressive is the current experimenting with public-private partnerships to finance and construct hospitals and other infrastructures. In Scotland especially—I've done quite a bit of research on this—that concept has been a total failure. Service deteriorated; costs escalated. However, I understand—and correct me if I'm wrong—this government has not yet renounced the P3 concept that was initiated by the previous provincial government. I must remind the present government that, because of the first-past-the-post electoral system and the poor turnout at the last election, only one in four electors—I've done the mathematics—voted for it. When you think of that, one in four, I just don't believe this government really has the mandate to rule as a majority. I only wish we had a more representative voting system based upon proportional representation. You knew I'd get that in there.

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

Mr. Korchuk: Thank you. But to be fair, this budget consultation allows the 75% of the people who did not vote for you to have a voice, so I like this situation. I do.

The level of justice in a society is determined by political choices. Only weak governments blame previous governments or factors that they deem inevitable. For example, our cities are being burdened with the costs of downloaded responsibilities without adequate funding by the provincial and federal governments. Look, I'm fed

up. I'm fed up with what the local property taxpayer has to pay right now, what I have to pay, because responsibilities have been downloaded but the costs have not. I resent having the equity in my house eroded by high taxes and high service costs. It's a confiscation not only of my own equity but also that of my children, who will inherit it.

I'm just about finished.

There's a gap between rich and poor that really bothers me in this province. It doesn't have to be. We don't spend any more money on social services than almost any other country in the world. Why are we complaining about extra costs? It's the structure. It's because of the way the thing is structured that the gap between rich and poor is growing. Poverty is growing. Children are without care. There are structural ways of handling this. Other countries have found it; you can find it.

The Chair: Thank you. We'll move now to questioning, and this round of questioning will go to the NDP.

Mr. Prue: Thank you very much; a most interesting presentation here.

There's a little bit of a dichotomy, and perhaps you can tell me: You advocate throughout that we need a lot more things done and you advocate, quite rightly, that in order to do those we are going to have to increase the amount of money that the Ontario government gets and spend it more wisely. But then you come to the point where you talk about your municipal taxes. You don't want to pay those or you think that paying those is going to rob you of your house. It would be possible to take the money off the municipal tax system, I believe, but you would have to increase correspondingly the monies available, either through the taxes to the Ontario government or by allowing municipalities to tax directly. Can you tell me your thoughts on that? Do you think the property tax system is unfair, and should municipalities just tax like every other government, as a percentage? They do in some countries. Some 1% or 2% or 10% is added on to the tax system and they have virtually no property taxes.

Mr. Korchuk: I have a problem with just the inequity in the way taxes are raised. Do you realize that the proportion of revenue that's raised through corporations and businesses has declined in the last 15 years, dramatically? Who bears the difference?

Mr. Prue: Ordinary people do.

Mr. Korchuk: Exactly. Really, my basic point is—and I didn't have time to say this; I've said it in here somewhere—we wouldn't be running into this problem if we had a fair and more just distribution of tax load. I don't know if that answers your question.

Mr. Prue: What you are saying, in a nutshell, is that you feel that some of the tax load is unfair on ordinary citizens and you're asking the finance committee to look at ways of increasing or better using corporate taxes to solve the social problems you have outlined.

Mr. Korchuk: That's part of it. The other part of it is that there are other sources of taxes. I think right now

we've got to look at stopping or at least slowing down environmental degradation. I call it ecocide. There have to be ways of taxing or getting revenue from abuse of our environment. I only point to north London, where I live. I can't believe the paving over of rich, productive land, gone forever under pavement. You've got to hit these people, discourage them from even putting their great, big American box stores that export our money and import their bad habits of labour relations. We've got to do something about it. So there are all kinds of revenues. There are some things about the Green Party, if you look into their platform, that I like. I really do.

Mr. O'Toole: I do too.

Mr. Korchuk: I don't know whether I answered your question.

The Chair: Thank you for your presentation.

Mr. O'Toole: The Green Party at least stands for something.

Mr. Korchuk: I agree. I joined them for a while, and then—I just can't stand joining anything.

The Chair: Order, please.

Mr. Colle: They're probably the most right-wing party we have in Ontario.

FANSHAWE COLLEGE

The Chair: I would call on Fanshawe College to come forward, please. Good morning. You have 10 minutes for your presentation. There would be perhaps up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of Hansard, and you can begin.

Mr. Bruce Smith: My name is Bruce Smith. I am chair of the board of governors of Fanshawe College. I'm joined this morning by Scott Porter, who is the vice-president of finance for the college.

I'd simply like to start by thanking the committee for the opportunity to make the presentation this morning, and most importantly to acknowledge the continued support of MPPs Matthews, Wilkinson and Barrett. I understand that Minister Bentley is here today as well. As a college, we are certainly appreciative of the time that each of you affords us in terms of advancing our issues and points of view with respect to issues of concern to the college, so my thanks this morning.

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I have a few comments that I want to share with the committee this morning, and I start by acknowledging the fact that, as the committee will know, Ontario is facing a shortage of workers that is threatening our businesses and our economy. That is not news to you, I know, as a committee. We believe, however, that Ontario colleges have one of the best, most affordable solutions to that challenge. It is not the only solution, but it is one that we can ensure will have a large impact on our workforce and on our economy. Fanshawe is here to convey the message that an investment in Ontario's colleges is a wise investment for the future of Ontario's workforce, a wise investment in its businesses and employers, and a wise investment in the future of Ontario's economy.

Before we dig into the challenges, here are just a few facts about Fanshawe College to share with you. As our local members will know, we have over 15,000 full-time students, including apprenticeship and adult training students. We have graduated almost 7,200 students in the last two years. We are currently serving over 34,000 continuing education students each and every year. We offer a full range of programs, from preparatory programs for adult learners to certificate, postgraduate, two- and three-year diplomas, apprenticeships, articulated and collaborative degrees, and applied degree programs. The college is also increasingly working with employers to offer custom training and retraining programs for their employees. This is both a source of revenue for the college and a service for our employers in the region.

It is also important to understand that Fanshawe, like other colleges, is both a destination—that is, a place where students go to train to enter the workforce—and a pathway for students who may wish to continue their education at other post-secondary institutions but who may not have been able to do that directly out of secondary school.

Now for our challenge. It begins, of course, with an economy that must compete in a rapidly changing world. As everything from service jobs to manufacturing to high-tech becomes more complex and more precise, the skills that were good enough to find work 10 years ago may no longer make the cut. HRSD Canada says that by 2007, just two years from now, 70% of all new jobs will require post-secondary education. Today, only about 50%, or just half, of 25- to 34-year-olds in Ontario have any post-secondary education.

Locally, our London Economic Development Corp. completed a survey in August 2004 of local businesses. They found that nearly 50% of our businesses reported that they were already experiencing a shortage of workers or were concerned that they may soon face a shortage in the future. I know this committee is very much aware of a survey that the Ontario Chamber of Commerce completed producing similar results.

But clearly, even with a shortage of workers, it isn't just any workers that are needed. It is trained and skilled workers, and every federal, provincial and municipal strategy is focused on attracting, training and retaining skilled workers in their respective areas of responsibility. I think this is where Fanshawe College and colleges across Ontario shine. We can provide the workers. We are poised to do that. Colleges are the best solution to keeping Ontario's businesses rolling.

What do colleges have to offer? Lots, I believe. Colleges are very accessible. Colleges offer innovative and supportive services to ensure student success. I believe we are cost-efficient. The college focuses on teaching and training and getting young people to work and older workers back to work.

And colleges such as Fanshawe are employer-focused. We have an established history of working with businesses and industries within our community to ensure that programs reflect the demands of our employers.

Colleges are able to quickly adjust programming so that it remains current, effective and representative of employer need.

Investment in colleges provides a remarkable return on investment. In London, Fanshawe College is one of the leading economic engines that help drive our region. The Fanshawe portion of a province-wide study of the economic effect of Ontario colleges shows that the two biggest investors in Fanshawe College—the Ontario taxpayer and the students who pay tuition—achieve an outstanding rate of return on their investment. The return on investment to Ontario taxpayers, who invest, of course, through provincial funding, was calculated to be 15%. That return comes in the form of increased tax revenues as graduates earn higher salaries and consequently pay more in taxes. Taxpayers recoup their full investment in a Fanshawe student in just 8.9 years. The return on investment for students who invest their time and tuition dollars—this is based on 2002 figures—at Fanshawe was approximately 9.8%. Our college president, Dr. Howard Rundle, often jokes, as I think all of us would reflect, that he wishes his investments were showing that kind of return.

What do colleges require to do the job? This is where the tough decisions start. If we can agree that colleges provide a good return on investment and are poised to make a real difference in helping solve Ontario's shortage of workers, how do we make that happen?

I've learned a lot as chair of the board of governors at Fanshawe. It is clear to me that our province has not been providing colleges with enough funding to do the job we need to do: keep up with the demand for skilled workers to support the ever-changing needs of Ontario employers. In fact, Ontario's college system has systematically been underfunded for the past 15 years. Colleges in Ontario are now the lowest-funded education system in Ontario on a per student basis when compared to school boards and universities. Ontario has the lowest-funded college system in Canada. In real dollars, per student funding to Ontario colleges has dropped almost 30% in 15 years. I believe, as chair of the board, as do my colleagues, that quite frankly, Ontario college students deserve better.

The greatest need affecting the college system and Fanshawe in general is the chronic underfunding. It certainly has left Fanshawe and other colleges struggling to cope. Our colleges don't have enough faculty and staff to meet the needs of our students. We are not able to offer all the programs that we would like to fully meet the needs of our regional employers. If we are truly to remain competitive, we also need to have funding in place to keep academic equipment and facilities up to date.

Investing in the future: If we look at the future—the future of Ontario and the future of Ontario colleges—there is great promise for success. We are confident that the Rae review on post-secondary education—and again, I will compliment, on behalf of the board, the current government's leadership in appointing Mr. Rae to make this review. It is our hope that Mr. Rae will make bold

recommendations on increasing funding for colleges, and we're hopeful that your government will take those recommendations to heart.

Fanshawe College has already shown what it can do for London's economy. With restored funding and future investment, Fanshawe and all Ontario colleges can be one of the best solutions to the challenges facing our province. Investment in Ontario colleges is a wise investment in the future of Ontario's workforce, a wise investment in its businesses and its employers, and a wise investment in the future of Ontario's economy.

Thank you very much, Mr. Chair, for the opportunity.

The Chair: Thank you. It would appear you have total recall as to how committees function.

The questioning will go to the government.

Ms. Deborah Matthews (London North Centre): Good morning. It's nice to have you here.

Mr. Smith: Thank you.

Ms. Matthews: We have the benefit of having heard from Paddy Musson earlier this morning. She raised some interesting issues. It's good to have you both here on the same morning.

First, let me commend you on your presentation. It was clear and well presented. Thank you.

I have a couple of questions I want to ask you, some of which refer back to the other presentation. The issue of full-time versus part-time faculty was raised. I would like to understand your perspective on the difference that makes for students and for quality of education.

Mr. Smith: We have approximately 800 full-time faculty at Fanshawe College. That's supplemented by part-time faculty. From a board's perspective, we certainly provide the executive limitation or direction to management to find the appropriate balance in meeting faculty need in resourcing and staffing. I think there is, quite frankly, in terms of my exposure to and experience with students, a direct relationship between their understanding and experience of quality education and full-time faculty. So I accept in part Ms. Musson's presentation. There is a relationship, but I believe at Fanshawe we've found a very good balance between the two to ensure quality of education.

1030

Ms. Matthews: I guess I'm getting to the question of, if there was more money, which is what you're asking for, where would you see the highest priorities?

Mr. Smith: I would say our highest priority is always our students. As the committee will know, the recommendation of all colleges in Ontario to the government is to increase operating funding on a per student basis, which would go directly to students, and supplement that with capital increases as well as skills development. So I think we've tried to strike a balance in terms of the need for the future, but the priority in all cases, and in particular in Fanshawe's case, will be directed toward the student.

Ms. Matthews: Are you concerned about tuition fees and their effect on accessibility?

Mr. Smith: Accessibility is a critical issue and part of our mission statement and a common issue of concern for

the board at all times. We undertake whatever we can within our powers to ensure that all students gain access to the programs they desire, within reason. Certainly, affordability is an issue. Again, should tuition fees increase, there has to be a balance between the ability to pay and accessibility. I believe at the end of the day that this is one of the issues that former Premier Rae will adequately address in his recommendations to the government.

Ms. Matthews: We're all anxiously awaiting that. Do I have time to—

The Chair: About a minute.

Ms. Matthews: OK. You talk about the increased need for better-trained workers in the future, yet I think you're talking about increasing the per student allocation. So do we need more graduates, or do we need more money for each student, or are you asking for both?

Mr. Smith: It's a combination of a variety of things. It's increased funding for students, increased investment in capital, increased investment in skills development funds. We, as a college and as a member of ACAATO, have asked for a multi-year funding commitment from the government. We understand the fiscal limitations you have in terms of making your decisions and have asked for an approximately \$300-million-plus investment in the college sector between now and fiscal year 2008. So it's a gradual investment that we're looking for but I think one that will contribute directly to employment challenges that we have in the province.

The Chair: Thank you for your presentation before the committee.

UNIVERSITY OF WESTERN ONTARIO

COUNCIL OF ONTARIO UNIVERSITIES

The Chair: I would call on the University of Western Ontario 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 yourself for the purposes of our recording Hansard. You may begin.

Dr. Paul Davenport: Thank you. I'm Paul Davenport, president of the University of Western Ontario. I'm here this morning with Martin England, who is our senior officer with regard to government affairs.

It's a great pleasure to be with the committee. Thank you for the invitation. I should say right away that I'm doing double duty this morning. The Council of Ontario Universities, which represents the 18 universities in Ontario, because of scheduling difficulties was unable to make a presentation in Toronto, where they'd intended to do so, so I'm also wearing my COU hat this morning. Happily, the brief from Western and the brief from COU to the Rae commission and in other contexts have been quite consistent, so I'm very pleased to represent both my institution and all 18 Ontario universities this morning.

First of all, just a few notes on Western, and as Western's president I want to thank the London MPPs

and those from the London area who have been so supportive and taken time to come to the university and learn about our issues: Deb Matthews, Khalil Ramal, Chris Bentley, whom I saw a moment ago, Steve Peters and John Wilkinson from north of London. Thank you all for your interest and support.

We have a lot of good-news stories at Western, and I can't tell them all today, but I'll just say that we've had external accounting firms look at our contribution to the London economy. It would be well over \$1.3 billion. So we're a big player here. The rates of return to our students from their investment in education are very high. There's a big payoff from research and graduate studies at our university to the knowledge-based economy in London, Ontario and Canada. There's a high level of satisfaction among our students. You will see that among the research-intensive universities, we are consistently number one on arm's-length student surveys like that done by the Globe and Mail for the last two years and that done for the first time by Maclean's in their graduate survey. So a lot of good-news stories. We've expanded in recent years. We've gone from 25,000 students on my campus in the last six years to 33,000. That's 8,000 additional students. That's like a medium-sized university that we've added.

The trouble is that at Western, as at the other universities, our funding has not kept pace with the demand for our services, especially the number of students we've enrolled. I want to take you briefly through the solutions to the problem that the Council of Ontario Universities suggests, and I'm on page 2 of the document we gave you. They have six solutions, and I'll go through them quickly and then I'll ask for questions.

The key issue here is meeting the accessibility challenge with quality, and our top priority is to do that. We believe there's going to be a continuing strong demand for university education. We desperately need to hire more faculty and more staff members to meet that demand with quality. So that's what we're about.

If you look at the six ways to get there, we need to reform the student assistance program, make it stronger, remove some of the arbitrary barriers to access and make sure we're dealing with family income in a fair manner. Western has an idea in our reference to the Rae commission that would have us, as we get more control over our fees, making a guarantee to students when they first enter, so that you come in, your fee is a certain fee and either it's that fee for the next four years in that same program or it's linked to the cost of living, but some sort of guarantee once you're in. So there are lots of things we can do in the student aid area and the tuition area to make sure that our universities stay accessible.

The second point is a simple one: Let's fund all the students. There are thousands and thousands of students currently in the system who don't provide any funding to the institutions that teach them. We've got to fix that.

The third one is, we can no longer claim to be the best university system in the country or the best post-secondary system in the country if we're the last in terms

of operating support per student. So we're asking that over a number of years that operating support be brought to the national average.

Number 4 is a key issue for Western and many other universities. We see an extraordinary demand for increased graduate education coming out of the double cohort and coming out of the knowledge economy, coming out of Ontario business. Business wants our graduate students. They want people with masters' and Ph.D. degrees. There's an enormous and growing demand out there. We need to meet it. We want to work with the province to double our graduate enrolments over the next decade.

Rolling funds for deferred maintenance: Let's say we have \$13 billion worth of assets. Right now, we're funded to maintain them at about a half per cent of those assets. You know the industry standard would be 2% to 2.5%. Let's move up to the industry standard.

Finally, the province has made enormous investments in university research over the last decade, as has the federal government. We've got some momentum here. Let's not lose it. Research is something that requires continuity of purpose. We're in research for the long run for the citizens of Ontario. There's an enormous payoff in the knowledge-based economy but we need to continue to support our researchers.

Mr. Chairman, I'm done and I'd welcome any questions.

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

Mr. Barrett: Thank you for that presentation. On several occasions you make reference to the need for a major investment in university education, not only in Western but in other universities as well, an investment that would help secure Ontario's economic prosperity and social well-being. In fact, the previous presentation quantified much of that return on investment. They put a figure on it, for both the return on investment that would accrue to students and, secondly, the return on investment that would accrue to the other major funder, the taxpayer of Ontario.

Do you have a quantitative analysis of that?

1040

Dr. Davenport: I know best the returns to individual students, and every study in this country and south of the border shows that if you look at higher education as a whole, the highest returns are to the bachelor's degree; they are much higher than the post-secondary certificates and they lead the way. The studies in Canada tend to show the rate of return to the student at something like 12% to 15% for a first degree. It depends on what degree it is. That translates into a very high social return. I confess I don't have a study at hand, but the return to university education has been studied to death on both sides of the border. It's one of the reasons that people to the south of our border invest so much in it, because they believe in those returns and they want to see more of them.

Mr. Barrett: Further to a dollar figure, you make reference to contribution to various communities and you

use the phrase “social well-being.” When I think of western Ontario—perhaps much of your original catchment area; I know you have students from all over—much of rural western Ontario isn’t doing very well. We had a presentation in Sudbury from Laurentian and a motion is on the table for this committee for that particular university, or universities in general, to consider allocating more of their research in a more practical way, in more of a community development or perhaps rural development or economic development way.

To what extent is Western doing this kind of work? To what extent are the knowledge and expertise contained within your faculty and within your institution being applied in a more practical way for many sectors in our economy in this part of Ontario that aren’t doing as well as others?

Dr. Davenport: Let me focus on southwestern Ontario. Some of my examples will be rural and some will simply be southwestern Ontario outside London. What are we doing? We’ve been the leaders in Ontario, and I would say in the country, in the delivery of rural medicine. Our faculty has put the rural medical issue right at the top of its agenda. We’ve got our medical trainees out there working with communities all through southwestern Ontario. As part of that, we’ve started delivering part of our medical degree in Windsor to make sure that the folks in Windsor and in between London and Windsor are serviced well. So that would clearly be an area where we’re reaching out to rural Ontario.

If I focus on southwestern Ontario, we are big players in the research that helps the petrochemical industry in Sarnia. We’ve signed an agreement where we are actually running a research park in Sarnia. I’ll be going down to visit it next month. We’re very, very proud of that; it shows that kind of outreach. We are partnering with the University of Guelph. We don’t have a faculty of agriculture at Western, but we’re partnering with Guelph to work on key agricultural issues for southwestern Ontario—the rural areas, the farmers, the environmental issues. We’ve got an enormous research grant to develop a biotron on our campus. Guelph has similar instruments at their place that we’re using jointly. So we’re trying to reach out to farmers and rural agriculture through that process.

I would say that there’s an enormous amount of applied research at Western because our researchers are interested in helping people. They want to see the results of their research out there and making a difference for society.

The Chair: Thank you for your presentation this morning.

ONTARIO AGENCIES SUPPORTING INDIVIDUALS WITH SPECIAL NEEDS

The Chair: I call on the Ontario Agencies Supporting Individuals with Special Needs to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning.

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

Mr. Richard Todd: Good morning, committee members. My name is Richard Todd. I’m on the board of directors of Middlesex Community Living, and a volunteer and vice-president of the organization called OASIS. On my right is John Bedell, who is the treasurer of OASIS and will be assisting in this presentation.

OASIS is pleased to have this opportunity to participate in pre-budget consultations being undertaken by the standing committee. OASIS strongly supports the initiative of the Minister of Community and Social Services to develop a new, longer-term vision for the developmental service sector. OASIS is working closely with the minister with the aim of ensuring that their initiative, transforming services in Ontario for people who have a developmental disability, is a success and results in a shared commitment to achieving a high-quality service system that is flexible and cost-effective and meets the lifelong needs of persons with developmental disabilities in Ontario.

OASIS further recognizes the fiscal restraints that the government faces, and has tailored its recommendations for the forthcoming budget accordingly. OASIS recommends that, to ensure that effective implementation of a new, longer-term vision for the developmental service sector, the government agree that a commitment to a sustained increase in funding for the sector will be necessary and will be provided in the government’s long-term fiscal framework.

A little bit of background on OASIS: OASIS is a province-wide association that seeks to ensure cost-effective, high-quality supports and services for persons with developmental disabilities, and to facilitate and strengthen the operations of its members. Founded in 1996 by six non-profit organizations, OASIS’s membership has grown to 101 non-profit, transfer-payment, accountable agencies located in all regions and communities of Ontario. Such agencies constitute the primary vehicle for delivering supports and services to people with developmental disabilities, and are funded in whole or in part through the Ministry of Community and Social Services.

OASIS member agencies deliver government-regulated services for individuals with developmental disabilities, primarily in the form of: (1) residential care via group homes, supervised residences or approved family-home programs; (2) supported independent living programs; (3) day programs, both life skills and workshops; and (4) supported employment programs leading to independent employment.

Estimates indicate that 3% of the population of our province suffers from a developmental disability. Such persons require a wide range of supports geared to their individual needs in order to participate in community life to the fullest extent possible. Such needs include, but are not limited to, (a) total or sophisticated medical care; (b) psychiatric care and/or behavioural supports; (c) support for physical disabilities; and (d) geriatric care.

At this point, I would like to turn the microphone over to John Bedell, our OASIS treasurer and the executive director of Community Living North Halton, to continue the presentation.

Mr. John Bedell: Just a few considerations:

The quality and strength of a society is reflected in the treatment it accords those who, through no choice or fault of their own, are the most vulnerable in the community. It's OASIS's view that Ontario can and must do better with regard to its support of these citizens.

All parties in Ontario have acknowledged that the developmental services sector is underfunded, especially when they've been in opposition. OASIS member agencies have strived to maintain reasonable service standards over the past 10 to 15 years, and they can readily attest to this reality. Funding for non-profit transfer payment agencies has, nonetheless, been constrained under successive governments, while the service delivery agencies have had to cope with absorbing continued increases in all costs, whether it's in the form of higher utility costs, labour and insurance costs, WSIB premiums, fuel costs etc. In no area have costs remained static or fallen.

1050

Since 1992, the consumer price index has risen by 25.7%, an average of just under 2% a year. Over the same 12-year period, the base funding for non-profit developmental service agencies has remained frozen at that 1992 level. We acknowledge the 0.5% increase in base funding announced by the Liberal government but not yet implemented, but consider this increase far from adequate to meet the accumulated actual needs of non-profit agencies. OASIS also acknowledges that some incremental funding has been provided in recent years, but such funds have been limited to offsetting wage and benefit increases and to meeting our legal pay equity obligations.

OASIS urges members of the standing committee to recognize that this situation cannot be sustained, and that continued underfunding comes at a significant cost both to the individuals and to society at large. Transfer payment agencies either have reached or are reaching their limits in terms of the types and quality of supports and services they can offer. As an aside, we're already hearing of some agencies that may not be able to participate in the deinstitutionalization process that's currently underway. Salaries remain low and uncompetitive. Staff turnover remains high. Staff-to-client ratios are approaching the minimum-level-of-care level, and further cost increases can no longer be absorbed without compromising minimum service standards.

We recommend that the members of the standing committee support the inclusion of the following recommendations in the committee report:

(1) That the budget provide funding to increase the base budgets of transfer payment agencies by 3% effective April 1, 2005, together with an undertaking to develop and introduce a formula to ensure adequate ongoing base budget and program cost funding. OASIS recommends that an indexation formula be developed

and adopted for all cost pressures that are beyond the control of the transfer payment agency, and I've listed some examples.

(2) That with respect to the income support provided through the Ontario disability support program, the budget increase the benefits provided to a minimum level at or above the announced poverty line within the province, that the benefits be subject to automatic indexation and that benefits be maintained throughout an individual's efforts to obtain employment.

(3) That the budget provide increased funding for 2005-06 and for future years to permit the developmental services sector to increase on a progressive basis, over time, the salaries of full-time front-line counsellors to levels comparable with the salaries for groups engaged in similar occupations.

Salaries for full-time front-line counsellors in a non-profit developmental services agency range from \$15.38 to \$18.75 an hour, according to a salary survey recently commissioned and that will be published by the end of January. For purposes of comparison, salaries for residential counsellors in a ministry-operated institution, with the same qualifications and doing the same work, range from \$20.45 to \$21.82 an hour, a difference of almost \$8,000 a year. That's a within-ministry comparison. Further, in June 2004 there was a survey of attendant care salaries in the Ministry of Health. It showed a range of \$17.80 to \$21.01 an hour, a difference of \$2.26, or almost \$4,700 a year. If we are to value the people we support, we have to value the staff.

On behalf of the 101 member agencies of OASIS, we thank the members of the standing committee for the opportunity to present these recommendations.

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

Mr. Prue: I had an opportunity, about a week ago, to visit the Huronia Regional Centre. There were a couple of hundred people in the room, parents of children who in many cases are elderly, and of course the parents are even more elderly. Some of the parents were worried that OASIS and the sector are not in a position to take the children if in fact it is deinstitutionalized, if it's shut down. You seem to indicate this as well. Is it the reality that you could not absorb these people with extremely high needs?

Mr. Bedell: We can absorb them, provided the funding is appropriate for their needs and provided that the resources, the supports and services that surround those people—we're talking about medical, psychiatric and emotional care etc.—are also transferred into the community. If they are transferred, as the expectation will be, then, yes, we could manage to support those people. But if there are not the supports that come with the people—we're already having difficulty finding dentists and doctors for our population. If the ancillary supports do not come with those folks and there are not adequate resources, it will be a significant challenge.

Mr. Prue: You talked about percentages, but not in terms of dollar amounts. You talked about an increase of

3% in base budgets of transfer payment agencies. Would you have any idea how many millions of dollars that might be?

Mr. Bedell: As a ballpark figure, 1% is in the area of \$10 million to \$12 million. So we'd be looking at in the order of \$35 million.

Mr. Prue: Next, and I'm in total agreement with it, is ODSP support to the poverty line. Is there any indication as to how much that would cost?

Mr. Bedell: Well, my colleague across the table may have a better idea than I, but as a thought, 1% is somewhere between \$15 million and \$20 million. However, ODSP covers a wide range of people. It may not be this committee's responsibility, but at some point in time, policy people will look at people with developmental disabilities as being somewhat separate within the ODSP rules and regulations—this is lifelong, rather than temporary and in and out—so that a more meaningful, ongoing, lifelong, permanent pension scheme can be set up in the province.

Mr. Prue: In terms of wages at the bottom, some of the workers at the Huronia centre and, I understand, workers at the other two existing centres are saying that the government is attempting to shut them down because their wages are in fact too high, and that by farming it out to groups like OASIS, the intent is to take the salary from \$20 an hour down to \$15 an hour. You want to see it go the other way, of course.

Mr. Bedell: Absolutely.

Mr. Prue: What would it cost the government to realistically give these health care professionals \$20 an hour, from the current \$15? How many millions of dollars are we looking at? By the way, having seen the people at the Huronia centre, I do think they earn every single penny they make.

Mr. Bedell: Our best estimate, and that's all it is, is \$250 million. Perhaps there will be people with more knowledge and data than I have who could make a better guess, but that's our guess.

Mr. Prue: Do I still have time?

The Chair: Not really.

Mr. Prue: OK.

The Chair: Thank you very much for your presentation this morning.

ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

The Chair: I call on the Ontario Flue-Cured Tobacco Growers' Marketing Board to please come forward. Good morning.

Mr. Fred Neukamm: Good morning, Mr Chair.

The Chair: 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 Hansard. You may begin.

1100

Mr. Neukamm: My name is Fred Neukamm. I'm the chairman of the Ontario Flue-Cured Tobacco Growers'

Marketing Board. With me this morning is Jason Lietaer, our general manager.

Good morning, Mr. Chairman and members of the committee. We appreciate the opportunity to appear before you today to offer our comments and suggestions as the government prepares the 2005-06 provincial budget. I would like to say, just as a reminder, that we have made presentation to this committee before, and we'd like to thank you again for the opportunity to see you today. It's my understanding that on a previous occasion this committee supported a resolution which spoke toward provincial contribution to a tobacco transition plan.

I am here in my capacity as chair of the board. We represent approximately 1,000 farm families who grow flue-cured tobacco in the province of Ontario. While 1,000 farm families may not sound like a particularly big number, we produce a crop that has a farm gate value of approximately \$200 million. We provide about 6,000 jobs that economists would refer to as full-time equivalents. In terms of the dollar value of our contribution to the Ontario economy, it is about half a billion dollars in direct, indirect and value-added economic activity. We believe that these numbers are significant, and so do the thousands of people who rely on our industry for their livelihood, not to mention various southwestern Ontario municipalities that count on us as significant contributors to their viability as sustainable communities. I would also like to remind the committee that the provincial, federal and municipal governments collect income tax and property taxes from the 6,000 people we employ.

Tobacco has been a successful crop and an economic linchpin for southwestern Ontario. However, in past years government policy has decimated our industry. Farmers are being forced out. Communities are dying. Families are being torn apart by the anxiety. In fact, I am not exaggerating when I say that we are now a community in crisis. The emotion in our community is boiling over. Our farmers are taking it out on us, their representatives, and in increasing numbers they're taking it out on government.

Here are some basic facts. In 1999 our crop size was 143 million pounds. In 2004, our crop target was 87.9 million pounds, a 38.5% decline in production within five years. Consequently, our production is declining much faster than the true declines in consumption. During the mid- to late 1990s, the gross values of our crop to producers ranged from \$309 million to \$342 million. By 2003, it had shrunk to approximately \$212 million, and this year it will only be about \$196 million. In the mid- to late 1960s, there were over 3,000 tobacco farmers actively farming in our region. As I said earlier, today there are around 1,000.

Of course the numbers, though compelling, don't paint a complete picture. The reality is that these declines have come at enormous economic and social costs to individual citizens and their families in terms of our way of life. We believe the virtual collapse of our business should be seen in the same light as other communities in

Canada that have suffered a similar fate. The collapse of the cod fishery industry and the demise of entire communities in Newfoundland comes to mind as an appropriate analogy. Through no fault of their own, Newfoundland fishermen lost their livelihoods and a way of life. Families that had flourished for generations were torn apart because young people who represented the future of small but thriving communities saw no prospect of making a go of it in their hometowns, so they moved away. Communities died.

That is exactly what is happening in the tobacco-growing counties in southwestern Ontario. Our way of life is being snuffed out. Families are suffering. Ordinary, hard-working men and women who have been proud providers for their families are now in despair. The future is bleak. In terms of impact, this calamity is no less severe and no less disastrous than what has happened to our fellow Canadians in Newfoundland.

The crisis we are facing isn't happening because of inferior farming practices on our part or because of poor management of our business affairs. Governments have waged war on the tobacco industry, and tobacco farmers are the casualties. The battles to date have resulted in increasing quantities of imported leaf and a flurry of contraband and counterfeit activity. We are experiencing an unmanageable decline in our crop size and income. In short, Ontario tobacco farmers are going broke. Our ability to service the Canadian consumer with Ontario-grown leaf is being eroded.

Despite the present environment, governments continue to use high tax policies as major tools to lessen demand for tobacco products. However, we submit that the stats on the decline of usage are misleading, as they do not take the sale and consumption of illegal products into consideration. Everyone in this room should be aware that trade in illegal tobacco products is a global phenomenon. Big bucks are being made by criminals, and those same big bucks are creating holes in government coffers and farmers' pockets.

In the late 1980s and early 1990s, governments had put similar tax policies in place. Consequently, during that period, there was rampant smuggling of tobacco products across the Canada-US border. The black market got so out of control that, in 1994, the federal and some provincial governments, including Ontario, rolled taxes back to a level that robbed the criminals of their profits and restored the legitimate marketplace.

In 1994, just prior to the tax rollbacks, combined federal and provincial taxes on a carton of cigarettes in Ontario was \$28.86. Today, the combined rate is now a whopping \$41.93, and as I said earlier, the demand for legal product is declining while demand for illegal product soars upwards. More than anyone else, tobacco farmers are paying the price.

Governments have jacked up taxes enough to still be bringing in acceptable levels of revenue. Some manufacturers are improving their bottom line by replacing our tobacco with cheaper imports that are grown under considerably less stringent guidelines than what we have

in Ontario, but the primary producers, our farmers, have no way to make up for smaller crops. Our auction is driven by supply and demand, and as I said earlier, less demand equates to less dollars for the farmer. So what is the solution to our problem?

First, we believe that Ottawa and Queen's Park should buy into the principle that so long as Canadians are consuming tobacco in this country, they should be consuming product that is grown here under our stringent guidelines. If that fundamental principle is accepted, we believe that we can sustain the farming sector for some time to come, but it also means that the excess production capacity that currently exists has to be removed so the economics of the business for remaining growers makes sense.

In May of last year, the then federal Minister of Agriculture agreed with that premise and announced a multi-pronged transition program that included about \$70 million to help eliminate excess capacity in the form of a quota buyout. He announced that this policy was designed to help exiting farmers and to help render the remainder of growers in the industry viable. We welcomed his announcement, but in order to make this policy work to its full potential, the provincial government needed to contribute its fair share.

The McGuinty government promised to help, while acknowledging that their policies were designed to reduce consumption. The Charest government in Québec has contributed dollars to a similar federal-provincial program for the Québec tobacco farmers. Unfortunately, so far, Ontario has not seen fit to join with Ottawa in helping us out of our crisis, and this has contributed to delays in the implementation of the federal portion of the program.

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The delays have exacerbated the dire circumstances that many of our farmers are facing. If you need evidence of that, all you have to do is contact the local banking community, which, while generally supportive, also needs to tend to its bottom line, and they're scrutinizing our growers very, very carefully. What is required is a measure that will assist exiting tobacco farmers to pay down their debt and make the transition to a new and productive livelihood.

Time is marching on. Nearly three years ago, when we first made this submission to both the federal and provincial governments, we had estimated that 73 million pounds of excess tobacco quota needed to be retired to bring this industry back to a sustainable level. Since that time, our crop size has eroded to the point that we would have to retire 117 million pounds of quota to meet that same goal we had laid out nearly three years ago.

This industry is deteriorating faster than we can deal with. There are two courses of action that are required: Fulfill your promise and provide immediate help to those who need to leave, and take action to sustain the industry to minimize the damage. What does that mean? Quite simply, Ontario is going to force tobacco farmers out of business long before it meets its goal of a smoke-free

Ontario if it continues down the road it is currently on. What we ask is simple: Is the Ontario government interested in having us continue to serve this marketplace? If the answer is no, then we have a very serious problem that is much bigger than the transition plan we presented nearly three years ago.

However, for the short term, the McGuinty government has committed to provide funding for tobacco farmers being forced out of business. The time to fulfill that commitment is long overdue. The time is now. But further to the immediate, a long-term strategy for our sector that all stakeholders can agree to must be pursued.

In summary, we are being forced by government policies to deal with these issues as crisis management. We need immediate help, and we need a long-term strategy. Thank you.

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

Mrs. Carol Mitchell (Huron–Bruce): Thank you very much for making a presentation today, and to all of the people who have come with you today. It certainly illustrates how important this is to your communities.

My question is, what recommendation would you make to the Minister of Finance, through this committee, to ensure that the legal product of tobacco that is sold within the province—what can the minister do to ensure that it is the legal product?

Mr. Neukamm: On that point, obviously there are no restrictions on the importation of tobacco into this country that we are aware of. Certainly from that point of view, we do not believe it is in anyone's interest to have cheap imported leaf replacing domestic production. It means the exportation of jobs and, quite frankly, we do not believe that cheap imported tobacco is in keeping with the government's policy of reducing smoking.

The reasons for imported tobacco are many. Manufacturers see this as a means of competing with the illegal product and as a means of propping up their own profits. It comes at great expense to the Ontario grower.

Mr. Jason Lietaer: Can I add to that? We met with finance officials. We meet with them all the time. We met with them recently, and they openly admitted to us—I'm sure they won't admit it in public—that they're at the law of diminishing returns on taxes. They don't think that increasing tobacco taxes is more of a generation measure as much as a health measure. We called for a freeze on tobacco taxes long ago. We continue to call for that. We believe that increasing tobacco taxes is driving the market underground.

Mrs. Mitchell: So if we look to the restriction on importation, could you give me a percentage of how you feel that would affect the tobacco grown in Ontario, just so I can get a sense of it?

Mr. Neukamm: It would be very difficult to answer that question on a percentage basis. What we do know is that, by and large, the illegal marketplace is not being served with Ontario tobacco. Counterfeit cigarettes that come into our port cities are coming from abroad, with zero Canadian content. We know that, by and large, a lot

of the small regional manufacturers are using nearly 100% imported tobacco. One of our major manufacturers has certainly deviated from their traditional Canadian content and very rapidly escalated their inclusion of imported tobacco as a means of competing with both legitimate discount cigarettes and as their own measure of competing with the black market.

Mr. Wilkinson: Thank you for coming to see us, Fred and Jason. I do commend you because you've come to see us. I know we met at Queen's Park when you were speaking to our rural caucus. You're doing a great job advocating for your group, because you present such great arguments that are well thought out, and we appreciate that.

Our job is to advise the Minister of Finance about this idea of the increasing prevalence of illegal cigarettes, where there are no taxes to anybody. Can you help me, as we talk to Minister Sorbara about this, on just how big this issue is and how much money is being left on the table with this problem? That's what pays for hospitals and schools.

Mr. Lietaer: It's hard to put a quantification on it. Obviously, you realize that. Is it 5%, 10%, 15% of the market? The companies believe it is. The manufacturers have better numbers and estimates on what percentage of the market it is than we do, so you can take advice from the manufacturers. What we've been advocating to Minister Sorbara and his staff is that they take the advice of their officials in law enforcement. We know that the RCMP are giving them good advice. The RCMP has excellent information on this. They've got models that you and I wouldn't have access to. They have excellent models.

As I said, I think the finance officials we're talking to are starting to realize that we may be at the law of diminishing returns on tax increases and it's pushing it underground. Is it 5%, 10%, 15%? We don't know, but we know there are people who have pretty good guesses, and we know they're starting to get concerned, because we're hearing a lot from the RCMP. We hear from the RCMP almost on a daily basis in our office.

The Chair: Thank you for your presentation this morning.

Mr. Barrett: On a point of order, Mr. Chair: I've just briefly discussed this with the clerk. Given that last year this standing committee on finance unanimously voted in favour of a motion in support of the Liberal commitment of \$50 million in compensation to tobacco—and on behalf of the 80 or 90 farmers here this morning, I do say thank you to the NDP, Liberal and PC members—I wish to make the identical motion. I've just discussed this with the clerk, and I realize the technicalities of being able to pull up that identical motion at short notice. I ask for advice from the Chair or from the clerk. I am certainly willing to present a newly worded motion.

The Chair: Might I suggest that research could find that motion, present it to all members of the committee and deem it to be discussed at the report writing stage.

Mr. O'Toole: If I may clarify, Chair—and thank you, to the deputants, for your presence here this morning.

The Chair: To the motion?

Mr. O'Toole: I know that Minister Smitherman's intentions here—

The Chair: Mr. O'Toole, we're discussing this—

Mr. O'Toole: If he had his way, he would actually ban smoking in your own home. So you're dealing with a government that has an agenda—

The Chair: Mr. O'Toole, come to order.

Thank you very much for your presentation.

Mr. Barrett: Mr. Chair, further to my point of order: I do wish to present a motion. I feel there is adequate wording in the presentation from the Ontario Flue-Cured Tobacco Growers' Marketing Board. Could I read this into the record, ever bearing in mind that we have a previous motion from last year?

The Chair: You can read that.

Mr. Barrett: Thank you, Chair. In fact, my wording is found on the final page of the brief from the tobacco board, with some minor word changes at the top, for the purposes of Hansard.

"Given that the tobacco industry is deteriorating faster than farmers can deal with, there are two courses of action that are required: Fulfill the Liberal promise and provide immediate help to those who need to leave, and take action to sustain the industry to minimize the damage."

If that's in order, that would be my motion, Chair, and I understand we will be dealing with this at a later date.

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The Chair: You have the right to put that forward, and we would discuss it at report writing time.

For the committee, the recommendation approved by the standing committee on finance and economic affairs last year was that "the government keep its promise to establish a community transition fund to help farmers move away from growing tobacco and announce specific funding levels." You may want to discuss both of those at report writing time.

Mr. Barrett: I would like to discuss both of those motions.

Mr. Colle: On a point of order, Mr. Chair: I would like research to give a report to the committee on the point raised by the deputants on the increasing quantities of imported leaf, how that is affecting the tobacco industry and tobacco farmers in Ontario and what, if any, measures the provincial government might take to deal with the issue of the increasing amount of imported leaf.

The Chair: Research has your question.

Thank you for your submission this morning.

Mr. Neukamm: Thank you very much for having us here today, and thank you for your consideration of our issues.

LONDON HEALTH COALITION

The Chair: I call on the London Health Coalition to please come forward.

Interruption.

The Chair: Order at the table, 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 state your name for the purposes of Hansard. We will pause a moment, perhaps, so that we can hear your presentation.

Would you try to begin. If it gets quite loud, we'll pause.

Mr. Peter Bergmanis: My name is Peter Bergmanis, co-chair of the London Health Coalition, a broad-based organization in support of publicly funded medicare. My co-chair with me today is—

Interruption.

The Chair: Could I have quiet in the room, please. We have a presentation being made. Thank you.

Mr. Bergmanis: My co-chair with me today is Mr. Roland Parris.

As Ontario embarks upon the current budgeting process, it is necessary to understand that the province is not suffering so much from an excess of expenditure as it is from a diminishment of revenue. In its 2004-05 budget and November 2004 economic statement, the government has projected that the only way to balance the budget by 2007-08 is to curtail program spending and refrain from implementing key election promises for renewal of services. Research conducted by the Canadian Centre for Policy Alternatives reveals that while such projections may serve to dampen public expectations, they are in truth quite misleading. There is far more fiscal flexibility within the government's capability than the announced fiscal plan suggests.

Contrary to claims that the government is struggling to meet a 2004-05 budget forecast of a \$2.1-billion deficit, Canadian Centre for Policy Alternatives research associate Hugh Mackenzie contends that Ontario is actually headed for a very modest deficit this year, and that if more realistic assumptions about revenue, federal government transfers and debt servicing costs were applied, the province could even be in a surplus situation.

To redress this more optimistic view of the province's finances, Mackenzie draws upon an in-depth analysis of the government's November 2004 economic statement. The following insights are revealed:

(1) An alternative projection of government revenues utilizing current consensus economic growth of nearly 2% would result in \$1 billion more flowing into government coffers than the amount of revenue currently forecast. An underestimation of revenue for 2004-05, in turn, affects base revenue for each fiscal year thereafter, compounding the misleading numbers.

(2) By maintaining over \$2 billion in contingency and reserve funds when total actual drawdown of these funds in the first six months of 2004 was only \$24 million, the government is seriously overstating its expenditures for 2004-05.

(3) Debt servicing costs have been substantially overestimated. This is despite the fact that current government borrowing rates are below the current average debt servicing cost and that a substantial amount of debt is due to be refinanced at lower interest rates over the next four years.

(4) An extremely limited and unambitious spending program has been implemented. In what Mackenzie describes as a “consolidation of the reduced role for the public sector,” the government capitalizes on an unsubstantiated presumption of an over \$1-billion shortfall in transfer payments from the federal government—this would be in 2006-07, and again in 2007-08—so as to rationalize near-anemic growth in program spending. Overall, spending, as a share of gross domestic product, drops in each year, from a high of 13.5% this year to a low of 12.2% in 2007-08. Of course, as funding to less high-profile social programs diminishes, health care becomes lionized for eating up an ever-increasing share of the provincial budget.

(5) Compounding the bleak fiscal forecast, the government’s budgetary reserve has also been inexplicably increased by \$500 million for fiscal years after 2004-05, thereby projecting a false image of reduced fiscal capacity.

I contend that Ontario is not facing an unmanageable financial problem. In light of London’s hospitals facing a \$90-million funding crunch, the London Health Coalition contends that the provincial funding crisis is largely self-inflicted and needlessly disruptive. Health care can be preserved without the need to resort to regressive revenue-generating gimmicks like the health premium, or by delisting services. Such contingencies merely serve to redistribute resources away from the least affluent and compromise the public health principles of universality and accessibility.

The London Health Coalition concurs in Mackenzie’s alternative budget recommendations, which offer increased revenue streams to enhance public services. These streams would include tax loopholes being constricted. Unfair, poorly targeted and ineffective tax loopholes are estimated to cost the people of Ontario over \$1 billion in forgone revenue. By simply harmonizing the provisions of Ontario corporate income tax with those of federal corporate income tax, the province could theoretically realize an additional \$800 million in revenue.

The most expensive loopholes in Ontario’s tax system are the various exemptions from the employer health tax. Exemptions, such as for the first \$400,000 in payroll or for income from stock options, undermine the intent of the EHT, which was conceived as the contribution expected of employers in return for the substantial competitive benefit they receive from the existence of public medicare. To maintain such unjustifiable exemptions is a stinging rebuke to the largely lower- and middle-income taxpayers of the province forced to pay Ontario’s health premium. Simply by transforming the employer health tax into a flat tax on all payrolls, Ontario could potentially generate additional revenue of \$1.1 billion annually. Furthermore, Mackenzie estimates that tightening up lax tax enforcement could potentially generate an additional \$400 million per year.

The Canadian Centre for Policy Alternatives also identifies areas where modest tax rate adjustments could be made to the benefit of the public good. For instance,

the Ontario government has the ability to restore lost fiscal capacity by paralleling the federal personal income tax system’s step-up in rates for incomes over \$100,000. Each increase in rates of 1% above the current top marginal rate for income over \$100,000 could potentially increase fiscal capacity by \$600 million.

Secondly, Ontario’s current corporate tax rates are below those of comparable jurisdictions in the United States. By voluntarily withdrawing from this insane race to the bottom and restoring corporate tax rates to their 2000 levels, Ontario would regain approximately \$2 billion in additional revenue.

What does enhanced government capacity mean for health care? It means that the government has the choice to infuse the resources-starved public health care system with much-needed funding instead of engaging in political brinkmanship with health care workers and the Ontario Hospital Association; that patients can enjoy quality patient-focused care instead of distorted budget-focused care; that the true cost drivers of health care expenses, such as pricey pharmaceuticals and the involvement of the for-profit industry, are addressed rather than pointing the finger of blame at health care worker wages.

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This government, armed with the true picture of its fiscal capacity, has clear choices it can make. It is the sincere desire of the London Health Coalition that Queen’s Park prove to the people of Ontario that the government possesses the will to make the right choices. I thank the committee for its time.

The Chair: Thank you very much. The questioning in this rotation will go to Mr. O’Toole.

Mr. O’Toole: Thank you very much for your presentation. We have heard on the issue of health care from pretty well every location that we’ve been to so far. I should assure you that some of their concerns have been heard. They really do affect what I’d call patient service.

I’m going to make a couple of statements and give you a little bit of time at the end to respond. Basically, we’ve heard right from the beginning, there’s about a \$600-million to \$800-million annual operating shortfall at the hospitals. Hilary Short made that infinitely clear. Each of the communities, including London, have been kind of shackled, and the boards of directors of the hospitals, etc., have been more or less muzzled, I would say, by George Smitherman, the minister, under threat that he won’t help out with their deficits.

How does that play out? We’ve heard from London some time ago that there will be cuts to staff and services. We heard it in London; we’ve also heard it in Ottawa. Last week, when questioned, the Ottawa Hospital, one of the hospitals there, said that they had a \$10-million operating deficit and that they were going to have to eliminate 300 positions and a number of services—this for a government that said health care was number one, this for a government that raised the new health tax, the premium, \$2.5 billion, plus over a billion dollars from the federal government, about \$3 billion.

There's more money coming in ostensibly for health care, and yet we've got fewer doctors, they're laying off nurses, fewer services, and the community of health is in crisis.

Hugh Mackenzie—I know him very well; I may not agree with some of the things he says, but he's a bright guy, nonetheless. I was optimistic this morning. The snowplow woke me up at 6, which is fine; I understand that, but I will speak to the hotel administration on that one. On CBC this morning I heard one of the announcers say that Premier McGuinty was going to blink, and that George Smitherman and the OHA had come to some kind of secret deal, an agreement: one-time funding. They won't tell us the number. How much more money? I think it's in the order of \$150 million.

Interjection.

The Chair: Order.

Mr. O'Toole: I think we'll all be disappointed. I honestly do think it's one-time funding. They aren't dealing with the structural deficits within hospitals, and this means cuts to staff and cuts to services. Many of the suggestions made by Hugh Mackenzie, and that you have made on behalf of Hugh, need to be heard by the government. There are a couple of them here that I would completely disagree with. The employer health tax and small employers under \$400,000 in payroll: You're talking about small business.

The Chair: There are only two minutes left.

Mr. O'Toole: Two minutes? Well, I'll leave them one of them.

Mr. Roland Parris: Could I just interject? My understanding is that we had a five-minute Q&A period here, and I think we've been listening to something for three minutes, which I find—

Mr. O'Toole: Well, I listened—

Mr. Parris: Mr. O'Toole, I think—

The Chair: Sir, he can use four minutes and 59 seconds to put his question.

Mr. O'Toole: I was going to leave you part of the time, but you're kind of wasting it here. Anyway, I will give you the chance to respond now. What do you present to the government members in terms of what they can do to help out the health problems in this province? They're catastrophic. What is the single thing you recommend? Is it the employer health tax, or what is it?

Mr. Parris: I think we recommend the whole brief, otherwise we wouldn't have written it, because there isn't any point. There's an alternative method of doing it. My opinion, if you ask me, sir, is that the Liberals here have borrowed from their federal governments, and what they're doing is adopting a policy of lowballing budgets and deficits and stuff like that. I think there's more money there, and I believe this. I think there's a case to be made for these taxes and the approach that's going to go on. You wouldn't take that approach, because obviously you've got business people on your side, but we're looking at the larger picture.

I would hope that most small business people and business people would understand that the health of their

employees and a public health care system is actually a cheaper method for them to go. As a matter of fact, we advertise that when we go to the States, for industries to come to Canada because we have a cheaper system and it's much cheaper than in the States. I mean, you can't have it both ways. It's either going to be cheaper here and you're going to pay the costs here for that cheaper medicare, or you're going to go to a private system which costs you astronomically, and your employees don't have any benefits. That would be my response on that issue.

The Chair: Thank you for your presentation this morning.

Mr. Bergmanis: Thank you so much.

Mr. Colle: Point of order, Mr. Chair: Just on the presenters' last point and on Mr. O'Toole's question too, there was a report, I think by General Motors out of Detroit—

The Chair: That's not a point of order.

Mr. Colle: Well, this is not a point of order; it's a request for research based on the presentation, in which it was noted that the cost to General Motors for providing health care has now superseded the cost of the purchase of raw steel for the manufacturing of their automobiles. Whereas health care costs have surpassed the cost of the raw materials, could we try and find out the details of that announcement out of Detroit in terms of the health care costs for employees, for General Motors workers, as opposed to the cost of purchasing the raw materials for automobile manufacturing?

The Chair: Research will try to meet your request.

ONTARIO HOMES FOR SPECIAL NEEDS ASSOCIATION

The Chair: I call on the Ontario Homes for Special Needs Association to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes for questioning following that. If you would state your name for the purposes of our recording Hansard, you can begin.

Mr. Willem Bijl: Good morning, ladies and gentlemen, honourable members. I'd like to thank the Chair for allowing me to make my presentation this morning. My name is Willem Bijl. I'm the vice-president and a member of the board of directors for the Ontario Homes for Special Needs Association.

Who we are: We are an association comprising homes for special care, domiciliary hostels, approved homes and Habitat homes. There are approximately 500 facilities in Ontario, with over 6,000 residents, in this sector. We serve residents with mental and physical limitations, the frail elderly, the homeless or those who are at risk of being homeless and who can't go to any other institution. We represent residential care facilities where our clients are subsidized to reside with us so that we may provide the accommodations, care and meals that they require.

We are a cost-effective alternative to hospital beds at an average, in 2003, of \$650 per day, or nursing home beds at an average of \$120 per day, or jails at \$140 a day,

or being homeless and on the street. Our maximum per diem revenue is now \$41.20, as per the directive from the Minister of Social Services effective July 1, 2004.

What services do we provide for \$41.20 per day? We provide comfortable and secure accommodations to residents 24 hours a day; three meals a day and snacks throughout the day; medication supervision and handling by qualified nursing staff; recreation, laundry, house-keeping, doctors' appointments and transportation to appointments; from time to time, case management and counselling. We are, most of the time, the family liaison. We provide the handling of residents' trust funds monthly, which mostly refers to the personal needs allowance. Annually, we do the income tax preparation, without which they would be cut off from their government benefits. We provide personal hygiene supplies, as most of them are incapable of doing their shopping; assistance with daily living activities like bathing, dressing etc. Sometimes we mediate disputes among roommates who do not always understand the consequences of their actions.

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What are our challenges? Inadequate financial resources: a maximum \$41.20 per day from all sources for all our services. We must compete with hospitals and long-term-care facilities to attract nurses and other qualified staff. We are governed by two ministries with different standards and parameters. We must cater to municipalities' standards, which vary across the province. As owners, we can't obtain CMHC insurance, as it considers our programs to be discretionary funding by the province. For domiciliary hostels, it's discretionary funding, hence we do not know from year to year whether we would even get the \$41.20 per day. Municipalities may decline to participate in the program, hence no provincial funding either, as it's on the basis of an 80-20 split, 80% by the province and 20% by the participating municipalities. Lately, accelerated increases in insurance rates, energy costs, property taxes, food costs etc. have put this industry sector in jeopardy. Costs incurred to ensure that we meet the changes in the fire code and labour and health and safety issues become increasingly difficult to support.

OHSNA recommendations are:

- That governments need to recognize the very essential services that we provide to protect our clients;
 - That the per diem be increased to \$51;
 - That uniform standards be developed across Ontario and implemented;
 - That the scattered program be put under one ministry;
 - That the funding of this program be a line item in the ministry's annual estimates;
 - That, hopefully, OHSNA will be consulted in the development of those standards;
 - That the development of a full program be implemented, or one municipality be chosen as a pilot project.
- In that case, I strongly recommend Windsor.

Thank you.

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

Mr. Prue: Thank you very much. It appears, from fast mathematics, that the increase in the per diem from \$41.20 to \$51, a \$9.80 increase, is just a little bit less than a 25% budget increase. That is what you're asking for in a nutshell, I take it: a 25% budget increase for this particular line item.

Mr. Bijl: Yes, it would be.

Mr. Prue: All right. Now, having said that, what is the true cost across Ontario—I know what it is in Toronto, and I'm from Toronto—for the per diem to keep someone in one of the homes or provide the services that you provide? What does it actually cost? It's not \$41. It's a lot more than that.

Mr. Bijl: If you just compare it with the next step up, a long-term-care facility, the basic accommodation—

Mr. Prue: I'm not asking that question. What I'm asking is, how much does it cost you to provide this service?

Mr. Bijl: Well, most of our facilities are for-profit but you might as well say we are for-loss, because most of us are at the moment operating with losses, not with profits. For instance, insurance costs have gone up sometimes 200% or 300%. Food costs just last year went up by 5%. Property taxes have gone up. You know that. Energy costs have gone up and will go up substantially more. New regulations come into play. A number of us work with unions. For myself, I own a property in Windsor. I have the CAW. As a matter of fact, I have a letter here from the CAW stating that they cannot understand how we could possibly function. It took me a year and a half to finally have my union contract with them. As a result of this discussion and negotiation, I now finally have agreement by CAW, specifically their health care division of about 20,000 members, that they are going to work with our association—in the letter it states, if I may quote, "... please be advised that we will seek opportunity to work co-operatively with you in raising government and public awareness of the funding" problems.

Mr. Prue: The municipalities and some of the church and social groups that run homes for the homeless and similar types of care that you provide estimate that the cost in Toronto is around \$60 a day.

Mr. Bijl: That's correct, \$55 to \$60 a day.

Mr. Prue: You say that you could make a profit at \$51. How is that?

Mr. Bijl: We have been saying now for the last two years that we would like to see the per diem increased to \$51 and that we believe, with the existing standards that are in place—we have our own standards; OHSNA has its own standards. I'm talking about, for instance, Windsor. With the standards as per the bylaw, we can make this work.

Mr. Prue: Are your standards less than or different from municipally run standards?

Mr. Bijl: No, they are the same.

Mr. Prue: And yet their costs are more.

Mr. Bijl: We believe we can run this type of operation for \$51. We have been saying this for the last year and a half to two years. We've had meetings with Mr. Sorbara, we have had meetings with the Ministry of Health, because the homes for special care reside under the Ministry of Health, and we have had meetings with the Minister of Social Services.

The Chair: Thank you for your presentation this morning.

ONTARIO FEDERATION OF AGRICULTURE

The Chair: I call on the Ontario Federation of Agriculture 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 yourself for the purposes of our recording Hansard. You may begin.

Mr. Paul Mistele: My name is Paul Mistele. I'm the vice-president of the Ontario Federation of Agriculture. Committee members, fellow farmers, I certainly appreciate the opportunity to present to you at these pre-budget consultations. I do have to express some dismay at the unfortunately short turnaround time to prepare for this. I thank those who worked hard on OFA's behalf in order to get us standing before this committee.

Today I am available to deliver comments and respond to questions from all of you. The OFA will be submitting a written pre-budget document to you by your deadline of January 20, 2005.

OFA reviewed our presentation from last year and has found that some of the fundamental messages and issues we presented are still outstanding. You are political representatives. Some of your constituents are rural; some are urban. All of your constituents eat, and there is a handful of your constituents who actually grow the food and fibre required for a healthy agricultural industry in our province. The health, environment and general well-being of that handful of farmers, working on your behalf and on behalf of your constituents, is at its worst in history.

I am using this platform today to deliver a caution to all of you. Ontario farmers are facing a financial crisis. If we are not profitable, you will lose the vitality of small towns and villages in this province. You will experience joblessness in your urban processing facilities. You will lose the potential of one of the largest economic engines in Ontario.

The OFA is the largest collective group of farmers in Canada. Our president and executive members have spent the last several weeks meeting with our members across Ontario and meeting with our commodity group members. We are getting a very clear and distinct message: The current farm income situation is undermining confidence in our industry, and an increasingly costly and cumbersome regulatory framework is undermining our ability to compete globally.

The Premier of Ontario heard from many farmers regarding the state of Ontario agriculture at his agri-

industry summit in December 2004. He heard that costs and demands placed upon farmers are increasing. There are increased regulations and management systems to comply with that cost money and time. Program initiatives of the McGuinty government are being proposed and implemented without consideration of the impact on the business of farming. Small business operations are facing tremendous pressure to expand due to poor margins. Consumers are insisting on low prices and high quality, but farmers ultimately bear the burden as they have little control over the price of their products. Farmers are price takers, not price setters. The benefits of agriculture to the environment, the economy and to the rural landscape are not being quantified or considered.

A lot of talk at that summit was about the future of the industry in Ontario. OFA is supportive of those kinds of discussions. However, building an industry has to start on solid footing, just like any structure. One look at the business of primary production in this province will give you a clear sense that the erosion will make it impossible to create a solid future.

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Farmers across Ontario have, over the past year, continued to work hard and still have found themselves in dire situations due to BSE, the high Canadian dollar, collapsing commodity prices and escalating demands for regulatory compliance. Farmers are in exceptional times and in exceptional circumstances. This legislature must show leadership on agricultural issues.

On top of adhering to best management practices and environmental initiatives, farmers now find themselves with a lack of government services, which add to their costs. Over the years, successive governments have undermined the investment in the agriculture industry. Program cuts, service cuts and the increase and expansion of user fees across government has OFA's service and advocacy work on behalf of farmers and their families stretched to the limit. Our offices are getting many desperate calls from very desperate farm families. Many of these calls are from the tobacco industry.

The OFA, in conjunction with commodity partners, is still finalizing the financial request that we would ask the government to consider in this year's budget, but it is sufficient to say at this point that the farm income crisis will be at the forefront.

There are things governments can do that do not cost money but are just as important to the farm community. I am speaking about taking a sensible approach to regulation and policy development. Timing of implementation and overall costs must be considered. If governments are moving ahead with an agenda that has a public benefit focus, they must be sure that farmers do not bear the costs alone.

There are a number of examples. The very farmers who proposed the Nutrient Management Act as an environmental and efficient contribution to Ontario's environment and economy are now telling us that the uncertainty in the marketplace is driving a need to delay compliance. In light of the uncertain future faced by our

livestock industry, their inability to sell their herds and their inability to invest in future operations, we ask the government to keep their promise to get nutrient management right, take the advice of their own advisory committee and ensure that the principles endorsed by the Ontario Farm Environmental Coalition are followed. The timing of the government's regulatory framework could not be worse for an industry that has no money.

Farmers have watched the introduction and protection of new wildlife species without consideration for collateral damage. Fruit trees, grains and sometimes even the farm animals have become free food for a burgeoning wildlife population.

Farmers who were assured a capped rate on electricity costs, whether they agreed with them or not, used that assurance to sign long-term contracts for their products. Now their cost of production will increase and the farmer suffers the loss.

We have been told recently that we must now pay registration costs for our permits to take water—water that is vital to the growing of crops that eventually end up on your consumers' dinner plate.

Ontario farmers need a champion. They need their government to be their champion. They need all of you to champion their causes and their needs to continue in the business of farming. The Ontario government has stated that legislation creating the greenbelt seeks to protect farmland. This legislation has become a focal point for two larger issues: What is government's responsibility to people affected by government policy, and how is the viability of farms in this province going to be preserved?

The OFA knows that farmland in Ontario will not be protected unless the business of farming in Ontario is protected. That is why today OFA is once again calling upon the Ontario government to strike a task force on the viability of agriculture in Ontario. This task force was recommended by the government's own task force on the greenbelt proposal in May 2004, when they recognized that Ontario farmers' business viability issues were not going to be addressed by saving farmland alone.

It would be useful for this committee to show their support for this request, along with each of the elected members of your respective caucuses. It is time for elected members of the Legislature to focus on one of the most important sectors of the economy and demonstrate their support for farmers and the businesses they run by implementing this task force. This request is in line with these pre-budget consultations. It is asking for an end to the economic cruelty being wrought upon farmers.

As mentioned earlier, we are still finalizing specific requests. That document will be tabled before the deadline this Thursday. Please give it your urgent attention.

The Chair: Thank you. When you do put your written submission to the clerk, all members of the committee will get a copy of that.

Mr. Mistele: That's correct.

The Chair: Now we go to the government.

Mrs. Mitchell: Thank you, Paul, for your presentation. I look forward to your written presentation.

Obviously the economic viability of the agricultural community is what we'll support in the long run, no matter what the regulation standards are. We certainly agree on that. But you're talking about striking a task force, and that was one of the recommendations that came forward from the greenbelt legislation.

We also have agreed—and I'm going to say in principle—from the Premier's summit that we form a committee to look at agriculture in the future. How do you see the two going forward—because we don't need to have opposing committees, task forces—so that we move in a constant pattern, so that we clearly understand from each branch—

Mr. Mistele: I think I understand your question.

Mrs. Mitchell: You know what I'm saying, Paul, because—been there; we don't want to do that again. The economic viability of the agricultural community, as you know, is something that is number one, certainly in my riding. So explain to me how you see this moving forward.

Mr. Mistele: OK. Thank you for the question. I'd say "Carol," but I probably shouldn't be so cavalier. Is it OK?

Interjection.

Mr. Mistele: OK. Thanks for that.

Anyway, I think that what we're asking on the striking of this recent task force is the urgency. I think we want to understand the urgency of the situation right now.

The committee or task force that was discussed at the Premier's round table was more, as you say, on the future of agriculture and the good things that we can do with some of our crops, and maybe the development of other crops, hemp or what not, that could certainly help the economic bottom line out there and the environment. But we feel that that will take too short a view. We want a broader view in a quicker time frame. We needed it yesterday, really, in all honesty. I don't have to tell you the dire straits that are out there right now and the unrest that we're seeing. People want to make sure that they're having a very hard look—your constituents are having a very hard look at their incomes and their situations, in a quick and timely manner. I think that would be the difference.

Mrs. Mitchell: I'm going to share the time with John.

Mr. Wilkinson: It's good to see you again, Paul. Thanks for coming, and we look forward to the written brief.

I guess my concern is it is so, as you were discussing, kind of historically perverse that nutrient management was really started from the grassroots up by farmers to make sure—and in Huron county, I might add, for the member from Huron—Bruce—that we can't have municipalities deciding who can farm. Farmers need to be able to decide that.

But I was wondering, because we'll be introducing source water protection, if you could also touch on that. That's just another issue that, as you and I both know, is coming up. Part of the delay has to do with the fact that source water protection should be out first so that farmers

don't do something other than nutrient management and then find out it wasn't sufficient in regard to source water. Nobody is more aware of the need to protect water than farmers, that's for sure, but I'd be interested in trying to get the position of the OFA on that right now. That would be very helpful for me.

Mr. Mistele: As you know, the Ontario Federation of Agriculture is part of the Ontario Farm Environmental Coalition, the steering committee. In recent weeks, if not months, I guess, we have come up against a wall in the fact that there's almost too much regulation out there. Because of budgetary constraints, how is the government possibly going to enforce a lot of these regulations that are coming down, even on that side?

The OFA would like to see the government maybe take another look at the timeline on implementation, because we're still supportive of the Nutrient Management Act. OK? I want to be very clear about that. We feel that farmers will do their part in this as a benefit to society. Society is going to get a huge benefit in some aspects, but we shouldn't have to pay in the agricultural sector. You've heard that many, many times, as has everybody around here, especially Toby.

Anyway, I think if we could get this so that source water protection came forward and then we brought in nutrient management as part of source water protection and took a step back on the timelines on implementation—because, as you know, on the federal side of things there are still some unanswered questions. We go to these meetings where the government staff try to present how this funding is going to work, and let me tell you, the Great Wallendas can't walk as tight a rope as what these people are doing, because they just haven't got all the answers that they need on some of the questions that are asked.

The Chair: Thank you for your presentation this morning.

Mr. Barrett: On a point of order, Mr. Chair: I wish to present a motion, in keeping with the recommendation of the Ontario Federation of Agriculture from Mr. Mistele.

I move that the Legislative Assembly of Ontario strike an all-party Ontario task force on the viability of agriculture.

The Chair: That would be for the committee to deliberate at report writing time.

Mr. O'Toole: On a point of order, Mr. Chair: I have a question of research. I want the researcher to refer to Ontario Farmer magazine, on January 11, written by Ron Bonnett. I want to commend him for a very detailed analysis of the CAIS program.

The Chair: Your point of order is?

Mr. O'Toole: I'd like research to verify the four accusations that Agricorp and the Ministry of Agriculture are unfairly treating Ontario farmers compared to other provinces, as stated in Ron Bonnett's article on January 11 in Ontario Farmer magazine.

The Chair: If you'll give that to the researcher, he will do his best to comply.

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

The committee recessed from 1201 to 1259.

LONDON HEALTH SCIENCES CENTRE

ST. JOSEPH'S HEALTH CARE

The Chair: The standing committee on finance and economic affairs will please come to order.

I would ask the London Health Sciences Centre and St. Joseph's Health Care 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 Hansard. You may begin.

Ms. Dawn Butler: My name is Dawn Butler. I am the chair of the resource planning committee and a member of the board at St. Joe's health care centre.

Mr. Doug Alexander: I am Doug Alexander. I'm vice-chair of the hospital and chair of the finance committee of the London Health Sciences Centre.

Mr. Ron McRae: I'm Ron McRae. I'm the chief financial officer for both of the hospitals.

Ms. Butler: I would like to start this afternoon and say thank you very much to the committee for giving us this opportunity to bring to your attention the very specific hospital issues that we would like to recommend the government consider in its 2005 provincial budget.

Eight years ago there would have been six of us standing here before the committee, representing six different hospital organizations in London. Today, there are only the two of us, with a single message on behalf of the two remaining organizations: London Health Sciences Centre and St. Joseph's Health Care. We have a proven track record of working together in co-operation with each other. Examples of this are many, but they include shared management positions, such as what Ron has talked about, the creation of three joint ventures and other integrated departments that serve both hospitals. The current diagnostic imaging and electronic patient record projects are done in conjunction with the Thames Valley Planning Partnership, which includes the hospitals. These two projects are excellent examples of the practical application of leading-edge technology in the health care sector, and the government has entrusted the leadership of these projects to both hospitals.

We would also like to note that we are collectively London's largest employer, with over 14,000 people on staff, and therefore provide significant impetus to London's economy.

We have comments to make in four different areas today. We believe the hospital and ministry budgeting processes must be changed to ensure that funding levels are carefully considered and are appropriate. We will make some comments on the need for operating funds for the hospitals. We will also highlight issues that will impact the hospitals in 2005-06 that will require capital support. Finally, we will highlight specific challenges associated with our academic mission and the need for appropriate support.

On the budget process: Hospitals are still uncertain today of their final funding allocation for 2004-05, even though the fiscal year-end is less than three months away. The provincial budget, which will be brought down in the spring of 2005, will identify the level of transfer payments to hospitals in the 2005-06 fiscal year. However, hospitals have not yet been provided with a timetable as to when the operating plans for 2005-06 will be required to be submitted to the Ministry of Health and Long-Term Care.

It would be much more effective if hospitals were required to provide plans for any given fiscal year in the previous fall, which would then provide substantial input to the provincial budget process in the following spring.

As business persons, we do not feel this is the most effective way to do the planning. We would like the government to hold us more accountable in this environment. It's very hard to hold accountability when the plans aren't done in advance. Spending 10 months during the fiscal year trying to get the right funding level for that fiscal year does not allow us to ensure that the money is being spent the right way.

Mr. Alexander: Let me make some comments, if I may, about the adequacy of funding. Over the last six years, the London hospitals have been subject to numerous external reviews. London Health Sciences Centre has seen six; St. Joe's has seen five. Our books have been scoured, and in all of these reviews very little room for improvement in our efficiency has been identified. In fact, we have been identified as exceeding the efficiency benchmarks but being underfunded for the level of services required. We're not trying to suggest that there's nothing that can be squeezed from our budgets, which total in excess of \$1 billion. However, we really do believe that opportunities will be limited and the savings potential is modest.

We would also like to try to set the record straight relative to recent headlines in the media concerning the bailout of the hospitals. To us, that suggests that the hospitals have created their financial problem, and we believe, in the case of the London hospitals, this is simply not true. We submitted plans over a year ago which forecast our costs to increase in excess of 5%. The funding that we received for the year was approximately 1%. Moreover, in the course of this year, we have constrained the increase in our expenses to less than that 5%. We believe that any new funding which the government may make available to us should not be construed as a bailout.

Hospital deficits are arising simply because of the gap between the funding levels and the operating costs necessary to support our community. The 2004 provincial budget included an increase of 4% for Ontario's public hospitals in fiscal 2005-06. Based on our past experience, we believe that it's unlikely that more than 1.5% or 2% of that money will be available to address inflation and other mandated cost pressures that hospitals will face. The remainder will be earmarked for special

programs, and we like a lot of the programs that are being put in place.

But if you look at that 2% of funding increase, it compares to increases in our cost drivers that we expect in 2005-06. We believe our wage costs are likely to rise in the order of 4%. We believe drug costs will rise in the order of 7%. Energy costs are likely to rise in the order of 10%. Major collective agreements expired on April 1, 2004, so our labour costs are very uncertain at this time. The population we serve is aging, and we know that is putting pressure on the cost of the health care system.

All of the factors which drive our costs are, quite frankly, beyond the capacity of any individual hospital to control. The estimated gap, based on the expected funding levels, should not be allowed to force short-sighted decisions, particularly ones involving the care providers. Staff reductions, given the demographics of our workforce and our unionized environment, would disproportionately affect our younger people, whose loss would jeopardize the sustainability of our health care system into the future. The provincial budget should, and I would say must, encourage innovation, so that dollars can be used more efficiently and effectively to serve the same population with less.

Let me also make some comments on the capital. A lot of time recently has been spent talking about operating costs, but there are some real issues on the capital side of our operations. There is negative working capital in the hospital system across the province. The working capital deficit is estimated at \$1.1 billion at March 31, 2004, and we believe this number is growing right across the system. The backlog of capital requirements includes equipment, technology and buildings.

The hospitals have no capacity to fund additional capital needs beyond the amount of depreciation in our annual operations, and our foundations are really tapped out in supporting the physical restructuring that is currently underway.

London has undergone major restructuring in recent years. We would say no other centre in the province is close to London with respect to the status of its physical reconfiguration and clinical program realignment. The overall project is planned to cost \$460 million, and we need to recognize the very generous nature of our community. The foundations have targeted to raise a total of \$70 million. However, this is a challenging target, and not all pledges are collectible immediately. Also, unavoidable escalating construction costs create the need for additional capital funds.

We're past the point of no return in construction. To stop would be absolute chaos at this point in time. Because we are struggling each year to break even operationally, hospitals, unlike private sector businesses, don't build up equity or surplus funds to finance these large projects.

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

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Mr. Alexander: The necessary government funding to finish restructuring has not been confirmed. In fact, during the current year we were advised that the government wasn't going to pay any more for certain elements of restructuring. The provincial government will need to address this issue in 2005-06, either through the provision of grants, bridge loans or loan guarantees. Those needs will be in the tens of millions of dollars.

Ms. Butler: On the academic centre issue, the London hospitals' research arm brings \$50 million a year into this city. In addition to the immediate economic injection, research activity represents the future of health care. Support for hospital research should be a priority in the 2005 provincial budget.

Education: It is widely recognized that there is a shortage of health care professionals not just in this province, but across our country. Properly, the government has established a priority to increase enrolment in colleges and universities to address this issue. There is a reality that these students receive much of their education in a clinical setting in the hospitals. In any year we deliver, between our two centres, a million hours of training to approximately 4,000 students at our hospital sites. We pride ourselves on the role we play, but there is a cost that goes with that. It is our belief that much of the Ministry of Health's efforts is focused on delivering quality care at a low cost. While we do not disagree with that objective, we believe our funding, which flows through the Ministry of Health, must fully reflect the cost of our academic obligations. Failure to do so will compromise our ability to deliver both care and education.

We thank you for listening to us today. We are proud of our health care organizations. We share the government's concerns about the rising cost of health care. We want to work with you to address this issue. There is a need for systemic change, and we will play an active role in supporting these changes. But as we work through this change, we would like to see the following in our upcoming budget: realistic funding to reflect cost increases and increased demand from our communities; capital support to ensure restructuring is completed quickly, allowing us to reap the benefits of your significant investment; and recognition of the critical role of academic centres in providing research and education. Their role must be recognized and funded to meet the long-term needs of our health care system.

Thank you for your attention.

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

Mr. O'Toole: Thank you very much for your presentation. Thank you also for the volunteer work the boards do at the hospitals in difficult times, restructuring.

I have a couple of questions, but just as a bit of background: I recall when I was not in government the NDP government, I believe, had the acute care study which looked at capacity issues within hospitals. That was followed up by the Sinclair Health Services Restructuring Commission, which was looking at equity and

capacity in hospitals. Of course, teaching hospitals are outside of the normal global budget issues. That's always contentious under the JPPC process. I just wanted to reassure you that I'm very interested, having been for a couple of years in that ministry, but also I have seen the great work and investments that have been done in health care. Some of the things you talked about—patient information systems, Smart Systems for Health, NORTH Network—there's a lot of stuff that's going on in health care that does build efficiencies in infrastructure. There was a considerable amount spent during our time in government to build that capacity, to rationalize and make efficient use of resources, certainly yours being one of the leading centres perhaps in Canada.

I just want to talk a little bit about the current announcement this morning, or the perceived announcement, of this one-time bailout money. It will be interesting to see—I'm just looking at last year. The Minister of Finance said, "For the past five years, the health care budget in Ontario has grown by an average of 8% per year." It's the sustainability issue in health care that's really at the bottom of this. No one can argue with it; it's sort of motherhood. I had the privilege of listening to the Mazankowski report, the Clair report, the Romanow report—lots of reports trying to say, "How do we fix this issue?"

I hear your last realistic funding request—I'd like to know what that is. Also, perhaps you could, for the members of the committee—it's my understanding that working capital is just an operating deficit; that's my view. It's considered to be—the word "capital," you think it's all equipment. Really, it's an operating cash flow, which is over \$1 billion. Hilary Short said it's roughly \$680 million short for the regular operating budgets of hospitals. Perhaps you could respond for the members of the committee in the time you have left. We're very interested—I think all parties and all members are interested—in trying to solve this problem, because it's not sustainable, not because we don't want it to be. Maybe the health tax is another 2.6.

We heard in Ottawa that they had a \$10-million operating deficit. They are going to be laying off 300 health care workers of some sort. Another hospital told us they had a deficit and would be laying off 169. Earlier this year, I read that the London Health Sciences Centre—probably they got the rug pulled out from under them by saying it rather openly—was going to have to reduce staff and services.

What do the people of London or Ontario have to look forward to, unless there's additional realistic funding for hospitals?

Mr. Alexander: If I can speak on behalf of London Health Sciences Centre, we were probably looking at a deficit this year, at least with our initial budget, of around \$45 million. It was against that that we got a very minimal increase in our funding. Ten months into the year, we're still talking about, "Will that deficit be funded?" or "How will it be funded?" You see, the reality is, the money is being spent. We've delivered health care for 10 months.

Mr. O'Toole: If you've submitted a balanced budget plan, as required under Bill 8, how many people and how many services are you going to have to eliminate? What's your choice, as a board?

Mr. Alexander: It's a significant number. Quite frankly, we would like to resolve this on a funding basis. We don't think that cuts, in terms of beds and services, make any sense for the communities. It's an issue of how we pay for the level of services. But to spend 10 months figuring out whether we get 50 cents on the dollar today and the balance in the future is irrelevant, because at the end of the day we're still going to have a \$30-million or \$35-million deficit.

Mr. O'Toole: That's illegal. That's breaking the minister's law. Minister Smitherman has said you must have a balanced budget. Bill 8 in fact says that. What is your plan for a balanced budget to the Ministry of Health; that is, that you've already completed and, as a board, have approved. How many positions is it actually eliminating? Let's be honest.

Mr. Colle: Let's not push it.

Mr. O'Toole: No. You forced them to, and we, representing the public, would like to know what your balanced budget plan meant for reductions in staff and services. I'm not trying to be unfair with you. You didn't choose that.

Interjection.

Mr. O'Toole: See, they don't want to hear that.

The Chair: We only have 30 seconds.

Mr. Alexander: I'll take guidance from the Chair and say we've submitted our plan and it has not been approved in terms of its implementation. As I say, we are working hard to ensure that we're fully funded to deliver the level of service that's required. The numbers, I think are on the record. It's a significant number of employees. It's a significant loss of service, which would be inappropriate for this community. We have certainly advocated for the full level of funding. The Ministry of Health is our only source of funding, so if we don't get paid from there—

Mr. O'Toole: What's the percentage increase that you're asking for?

The Chair: Thank you for your presentation this afternoon.

Mr. Colle: Despite the badgering.

The Chair: Order.

Mr. O'Toole: On a point of order, Mr. Chair: The parliamentary assistant for finance is badgering me.

The Chair: That's not a point of order.

DOUGLAS POOLEY

LORNE SPICER

The Chair: Dr. Douglas Pooley and Mr. Lorne Spicer, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to

identify yourselves for the purposes of Hansard. You may begin.

Dr. Douglas Pooley: Mr. Chair and members of the standing committee, on behalf of myself, Dr. Douglas Pooley, and Mr. Lorne Spicer, I would like to thank you for the opportunity of addressing the committee.

Our purpose here is to look at the issue of the budget as it applies to funding for chiropractic care. We recognize that it's a very difficult time for this government to come to a budgetary resolution when looking at the issue of allocation of resources and the overwhelming demands associated with the requirements for budgetary allocation in this province. As such, we feel it is important that the government take the time to revisit the issue of chiropractic care, as it relates to potential savings to the government in areas of health care.

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Back in December, as I'm sure you're all aware, the government announced the delisting of chiropractic services to the public. In the speech from the throne and various other presentations, it was demonstrated as a regrettable but necessary measure by the government in order to save funds to be utilized more effectively and more expeditiously for cardiac care, cancer care and long-term care.

We would like to believe that from the standpoint of manpower as well as funding, this is a mistake. We think it's important that the government take the time at this point to revisit this issue, the reason being that it's our position—and I'm going to talk a little bit more about some of the expert opinions we have had that demonstrate this—that not only will it actually cost the government more money, but it will also tie up physician services as well as emergency room services, potentially quite dramatically.

From a utilization standpoint, there was a recent Polara poll of the Ontario populace that demonstrated that 79% of the Ontario public feels that the delisting of chiropractic services is going to have a negative impact on the system, driving more people either into physicians' waiting rooms or emergency waiting rooms.

Subsequently, there was a study commissioned using Deloitte, which is also a company that is utilized by the provincial government, and its studies revealed that the cost to the government for delisting chiropractic care could range in the neighbourhood of \$25 million to \$225 million as a result of the fact that the increase in physician services would be estimated between 1.3% and 2.6%, with a potential fallout to emergency room services of 10% to 14%.

Thirdly, there was a study that was commissioned by the very prestigious *Annals of Internal Medicine*, which looked at the issue of managed care as it applies to utilization of chiropractic services. It compared 700,000 users of chiropractic services to a million non-users and found a budgetary saving in incorporating chiropractic care of 1.6%. In looking at the \$31-billion Ontario budget for health care, this represents approximately a \$500-million saving to the government.

Finally, there was the most recent WSIB study looking at their most recent plan for the treatment of acute back injuries. It found that access for patients going to chiropractors, as opposed to other services, was three days, as opposed to 13. Perhaps more importantly, the saving to the public, as well as to industry, demonstrated that time off work for people using chiropractic care was approximately nine days, as opposed to 20 days for more conventional services.

I could go on to quote other sources and studies that have been done to demonstrate the efficacy of chiropractic care and the support we received from various hospital groups and community care as well as long-term-care facilities, but I think you're most interested in hearing from a member of the public. I have the privilege of having beside me one of Elgin county's most respected citizens, who would like to relate to the committee his experience with chiropractic care and the delisting issue.

If you don't mind, Mr. Chairman, I'll turn this over to Mr. Spicer.

Mr. Lorne Spicer: I'm just a patient of Dr. Pooley and have been for 20 years. I guess my history tells what went on. I had back surgery, and after roughly 90 days, something happened and it didn't work any more. I called the doctor's office once, and he was to call me back. The next time I called, his secretary or nurse said he wouldn't speak to me. I ended up on pain pills and a few things like physiotherapy. It did absolutely no good, and after a period of time I tried cortisone shots, which would give temporary relief, but you went to the hospital to get them. That must have cost a fair bit.

Eventually, I ended up at Dr. Pooley's, and I can honestly say that if it wasn't for him, I wouldn't be walking today. He has kept my joints working and that. Basically, the amount of money that goes into chiropractic care is a drop in the bucket, but it is nice to have that drop.

I don't think there's much else I can really say, other than that a lot of people are in the same position I am. I know that if I've got a choice of walking or not, I'm going to find the money somewhere. But it would be nice if there was help. Thank you.

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

Mr. Prue: We've had a number of chiropractors coming in in the last number of days that we've been on the road. Some have said that their patient caseload has gone down, and others say that it has not. What has been your experience?

Dr. Pooley: I have the benefit of being in practice for over 27 years, so my caseload is fairly consistent. But where I have noticed a difference is in the number of individuals who, unfortunately, because of costs, have not been able to come and see us. Those people are essentially disenfranchised because there is, of course, a significant fee. In our office that fee is now \$33 to come and see me. For a lot of people, that's just not even a consideration. So it's not so much the issue from my practice of whether it's gone up or down; the slots have

essentially been filled. The sad part is with regard to the individuals who have not been able to access chiropractic care.

Mr. Prue: Who would those individuals primarily be? They would obviously be the poor, the elderly, young families, new immigrants. Who are they?

Dr. Pooley: I think, Mr. Prue, you just summed it up right there. It's the poor, and senior citizens especially. The unfortunate part, I believe, is that the individuals who lack chiropractic care the most are the ones who need it the most, and that happens to be the seniors. These are the people for whom issues of quality of life are critical, and mobility is critical to keep them out of other areas of health care services. This is an area that the government at least should look at, seriously reconsidering its position on delisting with regard to helping out senior citizens, an area where I believe it is exceptionally cost-effective and very efficient.

Mr. Prue: We've seen the studies from other presenters; they have been given to us. The arguments made are compelling, but I guess it comes down to a political argument that this is a government that just six months or so ago determined that this was a course of action.

Mr. O'Toole: They're privatizing.

Mr. Prue: Yes, privatizing health care is what they're doing.

Can you give us any suggestions on how this government might do a 180-degree about-face and do the right thing?

Dr. Pooley: I don't know whether the government can legitimately do that. That isn't a criticism; that's just a comment. I understand that the ball is in play. But I think that it may want to consider looking at chiropractic services, if nothing else from the standpoint of selectively incorporating chiropractic services for certain groups that perhaps cannot most readily afford to be users of chiropractic care. I think the efficacy of chiropractic care has been proven. Does it work? Oh, yes, it works. I don't believe there's anybody in this room who can deny that. The studies are there that demonstrate the efficiency of chiropractic services.

So let's maybe revisit it as it applies to those individuals who cannot legitimately—or as it serves as a burden for those individuals within Ontario to not be able to access chiropractic care. Would that be appropriate, Mr. Prue?

Mr. Prue: So, if I'm taking this right, a reasonable compromise for this government would be to reinstitute chiropractic services for needy individuals, as a start.

Dr. Pooley: Yes, and I think that's something that has been done in other jurisdictions across Canada. Sorry; I can't quote exactly where that has happened, but I think that in BC, where chiropractic has also been delisted, there has been some measure provided for those who legitimately can't afford the access.

The problem is, it becomes disenfranchising, and I don't believe that this government or any other government wishes that for its people.

The Chair: Thank you for your presentation.

Mr. O'Toole: On a point of order, Mr. Chair: I have a motion, with your indulgence.

I move that this committee request the Minister of Finance and the Minister of Health to (a) review the Manga report and report to the committee, and (b) consider reinstating the chiropractic service coverage fee under the Canada Health Act.

The Chair: Very good. We'll have that at report writing time.

Thank you for your submission this afternoon.

Dr. Pooley: Thank you very much, Mr. Chairman and members of the committee.

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COUNTY OF MIDDLESEX

The Chair: I call on the county of Middlesex 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. Bill Rayburn: My name is Bill Rayburn. I'm the chief administrative officer for the county of Middlesex.

Mr. Tom McLaughlin: I'm Tom McLaughlin, warden of the county of Middlesex.

Mr. Rayburn: Mr. Chairman, we wanted to start today by saying thank you to the province of Ontario for a number of things, not the least of which is all that you've done working for municipalities in the last year, including the AMO memorandum of understanding and some great work on OSIFA, which has really helped municipalities over the past year.

Today, our real purpose, in addition to thanking you for that, is to encourage you to make rural and small urban issues a priority in the 2005 budget. We think this can be accomplished in a number of ways: the equitable distribution of budget resources, maintaining existing commitments that have been made by the province of Ontario, and investing in our communities.

We ask you to remember rural and small urban Ontario whenever you're making your budget decisions, because I don't think the importance of rural and small urban Ontario to the economy of Ontario can be overstated. I also bring to your attention that there seems to be a growing divide between rural and small urban Ontario and our large urban neighbours. It seems that we don't do as great a job as our colleagues in the large urban municipalities do of lobbying for support and lobbying for budget allocations.

I think that more and more the decisions of the government of Ontario have been influenced by large urban municipalities. One example of that is the provincial gas tax. I understand my colleagues from the city of London were here this morning, and I'm sure that my good friend Grant Hopcroft was here on his knees thanking you for all the work you've done for the city of London and for other large urban municipalities.

Mr. Colle: No, he didn't; he complained bitterly.

Mr. Rayburn: Maybe he should have.

Unfortunately, a lot of this important funding tool was directed toward urban Ontario. We're also concerned that the federal government will do the same with their gas tax money, and that would be two major sources of funding that we would see pass over rural Ontario. We think at Middlesex county that a large portion of that should have been used to support rural transportation networks, because we believe that those transportation networks are as important to us as transit systems are to the urban municipalities.

We think the province of Ontario can correct this inequity with additional funding for rural Ontario through programs such as COMRIF. COMRIF is well-timed, because we are facing a significant infrastructure deficit in rural Ontario. But we'd like to see a larger investment, as it's difficult to divide this small amount of money across a lot of municipalities. Especially when you consider the amount of money that has been invested in large urban municipalities in 2004, there are lots of reasons to think that an additional COMRIF allocation is an important place for the budget allocation of 2005.

I just have to also point out that it was disappointing that the one big fund for rural and small urban Ontario was extended to municipalities up to 250,000. I think that leaves out approximately four to seven municipalities in Ontario that wouldn't be eligible. I point out that 250,000 is neither rural nor small urban by anybody's definition.

In the "keeping promises" category, I want to talk just for a second about ambulance funding. I imagine that my colleagues at the city talked about ambulance funding with you. We are the provider of that service in Middlesex-London, and it is a big frustration for us when we see new commitments being made without old commitments being kept. The best example of that is the 50% funding for the land ambulance. There are people around the table who have heard this speech before, people around this table who have argued probably louder than me for it—right, Carol? I won't go into it in too much detail, but I will say that we still are living without 50% funding on the land ambulance side, which was a promise of the last two governments of Ontario.

I don't just want to complain without giving you a solution, so I'll give you a solution. It's one that we've talked to Minister Smitherman about as well, and we hope that we'll get your support for it: the use of an ambulance user fee. I've included a letter that we wrote to Minister Smitherman last year, and I'd encourage you to read it. If the province of Ontario is not going to provide 50% funding for land ambulance, we're asking that you start looking at who gets the land ambulance user fee. Right now, 50% of that money—the \$45—goes to hospitals, and the rest goes to the province of Ontario. We think that money should be going to the provider, and the provider should have a direct relationship to that funding.

We are also getting support from hospitals on this. Our local hospital has said, "That's a good idea," which is a little surprising in these tough times for them. We think it

will provide better collection—so do they; it's tough for them to collect that money—and a direct connection to the service.

We would encourage you to raise the user fee to discourage nuisance calls. If someone sprains their ankle, they shouldn't be calling an ambulance. If you have a user fee, that prevents that. Other jurisdictions, you'll see in our letter, have gone to this. This thought of mine is not new; in fact, it's being utilized in a bunch of other jurisdictions, to the benefit of the land ambulance service. So I'd encourage you to look at the letter that I've provided on the next two pages. It's dated September 28. The minister was very receptive to the concept, and hopefully we'll see something about that coming forward.

I also want to take a minute of your time to talk about the need for investment in rural primary health care. Those of you who live in rural Ontario know there are many municipalities that are now building medical clinics. This is something that you don't have to do in urban Ontario, but it's something we seem to have to do in rural Ontario to maintain our primary health care. This investment is a double payment. We pay through provincial tax, but we also then have to pay through local tax for rural health care. I think it's incumbent upon the province of Ontario to recognize this need that's out there and to help fund it with the expansion of the work you are doing on health teams, which we think is a great idea.

Being from Middlesex county, there is no way I could let this day pass without talking about the importance of agriculture. They are going through a very difficult time. I spent most of yesterday at the hockey game with a couple of farmers who were complaining more than they usually do about the state of agriculture at the moment. We just want to make sure you were aware of the importance of this to our economy and also the importance that budget cuts make, in programs like the municipal farm drainage program, to the success of the agricultural industry. We believe that now is the time to invest and to make a strong statement in your support of agriculture and the important work that the Ministry of Agriculture does on behalf of Ontario.

Two items on the uploading front. Something you probably don't hear municipalities talk about a lot is privatization of long-term-care services. I'm not sure if you've heard that one yet, but it's something that Middlesex county certainly is interested in. We think you should also look at the assumption of income-based services.

In regard to long-term-care facilities, in our community there are plenty of private providers that are willing to provide the same service that we provide, yet we are mandated to be in this business. It's a very expensive business to be in. It's going to cost us \$22 million to build a new home. It's a service that we in this area don't need to be in. What we are suggesting is that you may want to complete a study about whether or not municipalities need to be in this business in all parts of Ontario. There may be a condition you could put on them so that they don't have to be in this business when there are

private sector providers willing to provide the same service as us. That would allow us to have funding for other critical services, with no financial impact to the province.

The Chair: You have about 30 seconds.

Mr. Rayburn: We also would ask for your consideration of moving some income-tax-related property services onto the provincial tax bill. We ask that you look at that as part of the CRF review that you are currently undergoing, as an option.

Finally, I'd like to say that we think rural Ontario is vital to the growth of Ontario. We think it's important. We hope that in your budget deliberations you'll give strong consideration to some of the things we've said today and make a strong statement in your budget for 2005 that will help the health of rural and small-urban Ontario. Thank you very much.

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

Mr. Wilkinson: Good afternoon, Tom, Bill. It's wonderful that you were able to come today. I think this is one of the few county presentations that we're going to have in our two weeks of deliberations, and I remind the members that you can't get to the city of London, where we are today, without driving through the county of Middlesex.

What I wanted to talk about was just trying to get a solution on land ambulance. That has been an issue that we have been having to deal with. I know that my colleague the member for Huron-Bruce had to deal with this as well.

My concern is, you were talking about the user fee, but there's also the question that we have kind of a ratcheting-up of wage settlements. Out here in south-western Ontario we have county versus county. I was wondering if you could comment on that, because that whole cycle seems to have gotten us into a pickle, and of course then the province said, "We're only going to pay for 2%," and that's why your share of the 50-50 has gotten so out of whack. I was wondering if you could comment on that, about how to break that cycle.

Mr. Rayburn: John, you're right; that's exactly what has happened. There has been sort of a flip-flop, domino effect across Ontario with new wage settlements. We're starting to see that slow down now. What we're starting to see now is a levelling off of wage settlements. For a long time there was sort of an artificial cap on those paramedic wages. What we are seeing is that there was a dramatic rise, and now a levelling off is starting to occur. We're not seeing the great flip-flop we did, especially on the level 2 paramedics. On the level 1 paramedics we're seeing still a little bit of growth in their wages, but I think that will settle down over time. I think they had to catch up to their colleagues in the fire and police. They are there now. They are getting parity with that group, and they deserve parity, for the most part, with that group. They provide a very vital service and they are an important service in our community. So I think that will gradually become less and less of an issue, but if we keep being capped at the 2% wages from way back in 1998,

we're never going to be able to catch that up without user fees.

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Mr. Wilkinson: So that I get this right, as we advise the minister, you think the cost driver is almost out of the system once they get the parity with their colleagues in fire and police.

Mr. Rayburn: Exactly. There was a pent-up demand, for sure.

Mr. Wilkinson: So if we went back to a 50-50 arrangement in real terms, we wouldn't see that kind of cost driver that we had in the past? Because obviously the minister would be concerned about that.

Mr. Rayburn: Yes. He's not the only one. My council is as well.

Mr. Wilkinson: You're the first one, I think, to come and talk about uploading, particularly in long-term care. How would you see that working? In other words, is there some regulation we would have to have when the private sector in long-term care is providing all the services? Because we've heard that up north, there are no private providers of long-term care. It's all on the property tax base. It's a tremendous burden on them, and we have scarce resources, so we need to make sure we are allocating the resources where they need to be to serve Ontario's needs. How would you see that uploading exercise actually work?

Mr. Rayburn: You know I'm from North Bay, so I'm aware of the northern situation, but I try to keep it in the simplest terms. Whenever you put out ads for take-up of the number of beds that were available, you had an oversubscription of people wanting those beds in this area. You did not have that in northern Ontario and other areas. If you have an oversubscription of people wanting the beds, why are you forcing municipalities to provide a service? It's not only the competition that we provide to them that's harmful, and the fact that we are wasting tax dollars by doing it, but they pay property taxes. I have a double reason for suggesting that, because I don't pay property taxes to myself. They pay property taxes and put money back into our local economy. It's a double win for us. So I think that's the simplest solution right there.

The Chair: We have less than two minutes.

Mrs. Mitchell: This will be very quick. Bill, just so that I have an understanding, the billing that happens from the hospitals, is that if they call for an ambulance and it goes and picks up, or is it a drop-off? You know where I'm going with this. Is this going to get into all kinds of cross-border billings, when you have tertiary care in some areas? You know, there's still many outstanding issues on border, on billing.

Mr. Rayburn: By the way, we're making good progress on it.

Mrs. Mitchell: I heard that. But you remember where I'm from, so I would be remiss if I didn't bring it forward. I just don't want to perpetuate the past mistakes that were made. So explain to me how you see it evolving if we were prepared to support that.

Mr. Rayburn: Sure. I think the details are critical here, but I really see that for local calls within your jurisdiction, not cross-border calls—because those are interfacility transfers that you are talking about. What I'm trying to say is, call volume growth has been going up exponentially. The reason is that in rural areas that is seen as your primary health care. If you don't have a doctor to go to, sometimes you call the ambulance. So what we're trying to do is say, no, take that extra effort to go to an emergency room or to do something else, as opposed to calling an ambulance, which is the most expensive type of primary health care. If you call in your jurisdiction to go to a local hospital, I think that cost should be—in some jurisdictions it's as high as \$200. It shouldn't be \$45. It should be somewhere in between \$45 and \$200, because you have to create a financial disincentive to them wrongly using our system. It's the most expensive way to waste resources you can find.

The Chair: Thank you for your presentation this afternoon.

FAIR AIR ASSOCIATION OF CANADA

The Chair: Would the Fair Air Association please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that, and I'll watch my clock as well. I would ask you to identify yourself for the purposes of Hansard.

Ms. Karen Bodirsky: Good afternoon. Mr. Chair, committee members, I would like to thank you for the opportunity to address you today. My name is Karen Bodirsky. I'm head of the Fair Air Association of Canada. Our members represent a wide cross-section of the business community in Ontario and indeed across the country. They range from the hotels associations of Saskatchewan and Alberta to a number of Ontario ventilation engineers, from roughly 90% of the bingo halls in eastern Canada to several hundred bar and pub owners here in Ontario. Our members also include the Canadian Tobacco Manufacturers' Council and Direct Energy—obviously, a fairly wide-ranging coalition with one common interest: They want to ensure that budget decisions reflect the economic impact this province can expect to face in the wake of legislative action dealing with smoking in public places and specifically smoking in bars and pubs. So I find myself in the somewhat unique position of being here, asking you not to include specific funding in the budget but asking that the budget accurately reflect the economic impact of government decisions in other areas.

As you know, the hospitality industry is an integral part of our communities. The bars, pubs, hotels, bingos and legion halls of Ontario are meeting places. They are hubs of social interaction. They sponsor teams and events. They support a host of charitable activities. You've all been to these places. There's a reason you stop by during election campaigns: It's because this is where people gather, both smokers and non-smokers.

Service to customers is the reason for their existence, and banning smoking prevents these places from serving a significant portion of their customers. When you prevent Ontario's small business community from doing business, you affect the economic vitality of this province.

Of course we are concerned with employee safety. This is not an either/or situation. You can protect the bottom line, which I would imagine is of concern as part of the budget process, and you can also protect employees. You do that with ventilation. It's the standard use in British Columbia, Nova Scotia and Quebec. It is a standard that works here.

We have seen the disastrous effects of a ban first-hand, in Ottawa, British Columbia and New York City, to name just a few locations. We see licensed beer sales plummet—municipalities that bring in bans—however, retail beer sales rise at the same time. So what we see is that people just stop going out. They stay home and do their socializing at home. It means that bars and pubs close and it means that people lose their jobs.

Again, ventilation is an option that can avoid this happening. Not only does the hospitality industry support ventilation; so does the general public. Every poll on the issue that gives respondents a choice rather than an ultimatum finds the same thing. Most people believe that ventilation is a reasonable solution for bars and pubs. Of course they don't want to see smoking in places where children are, where children gather—at fast-food establishments. What they're talking about are places where adults gather and where adults are making adult choices, which may or may not be the healthiest choices imaginable. I don't think anyone would argue for a moment that smoking is anything but unhealthy. That being said, it is a choice that's made by 20% of the adult population of this province, and that 20% of the population represents a far greater percentage of the clientele in establishments of this kind than their general place in the demographic would suggest. We find that 30% to 40% of the clientele in bars and pubs are smokers. So while you have 20% of the population generally, they're a huge proportion of the business in bars and pubs.

You've heard a lot of rhetoric from lobbyists who want a smoking ban. You've been hearing it for some time, and this government has chosen to take action based on what you've heard. They claim to want to level the playing field. They say bans don't hurt business. They say smoking bans will apparently lead to fewer people smoking. I'd like to present another point of view to that. Some bars have more walk-by traffic than others, some bars have better parking, some bars have better menus. This is anything but a level playing field; it is the nature of the hospitality industry. I don't think for a moment that this government has any interest in legislating more equitable menus. If the concern is to level the playing field, this doesn't do it.

One bar owner noted that the cost of putting in a ventilation system is equivalent to the bar tab of three regulars who come into their establishment. They find that putting in ventilation systems is cost-effective. It

does meet their needs. So when you hear that it's too expensive for most places, that's simply not the case.

Bans do hurt business. Earlier I talked about the experience of New York, Ottawa and BC. If you ask anyone who actually works in the hospitality industry, they'll tell you that without their smoking customers, their business is hurt. They pay less taxes. In many cases they go out of business and they pay no taxes at all, and a lot of jobs are lost.

The anti-tobacco lobby points to California and an inconclusive KPMG study as evidence that there is no long-term economic impact. In fact, the KPMG study says very clearly that its results are inconclusive. So KPMG is not the final word on this particular issue. As for California, it has a temperate climate. It is very easy to step outside there and have a cigarette. On days like today, I think you'd agree that stepping outside is no one's first choice. It is worth noting that an exhaustive study has been done in California that has found the compliance rate there in terms of not smoking inside is far from effective. The compliance rate is in fact about 40%.

In New York state, bars can apply for an exemption to the non-smoking bylaw. So to say that New York state is smoke-free is not quite accurate.

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While we admire those who want to promote a healthy lifestyle, banning smoking in bars and pubs doesn't stop people from smoking. Surveys show this; real-life experience shows it. People stay home and smoke, in unventilated environments. Sales figures from breweries show that in municipalities where bans are in place, the sales to bars and pubs decrease and, again, the sales of beer that goes home increase.

As you continue your work on behalf of the finance minister, I hope you remember your duty to all the people of this province. I would ask that you not close your door to sensible answers that allow small business, the lifeblood of this province, to stay in business. If you determine to proceed no matter how much damage is done to our small businesses, I would hope that an open, transparent government will also reflect in the budget papers the economic devastation that we expect to see as part of this process. And if the government chooses to move forward with anti-smoking legislation, I would hope that an economic study that reflects accurately the economic impact of that decision is part of your process as well.

I'm leaving a number of documents for your deliberation and I hope you'll take the time to read them—they are with the clerk—material on the ventilation solution adopted by British Columbia, as well as the court case that prompted the provincial government to listen to and work with the hospitality industry; extensive material reflecting the economic harm that has been done in communities that have adopted all-out smoking bans without taking into account the needs of the business community; several research documents on economic impact in various jurisdictions, including New York; the

study that was done in California that demonstrates that compliance with non-smoking legislation in that jurisdiction is not impressive.

Thank you again for your time and your attention. For the sake of the hospitality industry in this province, I hope what I've said makes a difference. If I can answer any of your questions, I'd be very happy to do so.

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

Mr. O'Toole: Thank you very much, Ms. Bodirsky, for trying to communicate some sense to this. I just wanted to reassure you that Toby Barrett, the MPP here, is one of the strongest voices for the tobacco growers, who are his constituents, and the other people affected by this hasty and ill-conceived plan by Smitherman. In fact, it's my understanding that Minister Smitherman said, when he was scammed by the press after he made the total ban commitment, that he would have preferred to ban smoking in your own home. I attended a legion hall in my riding and they are shocked at the lack of respect for the legion and for the veterans who have contributed, as you suggested, to our community.

They do have an agenda. They're banning Snickers bars and pit bulls. I just wanted to make those comments in the genuine sense that I've made them. I'll give Toby a chance.

Mr. Barrett: Thank you, Ms. Bodirsky. I appreciate your information on the economic impact, and any further information would be welcome.

In any war, there is collateral damage. I am concerned if, as you indicate, there is evidence that licensed beverage and alcohol sales go down, so people drink at home. Again, theoretically, we will see more people smoke at home if they're not allowed to smoke in public places. Many of these are public places with bouncers. I think of some of the characters who are in some licensed establishments in our area and I question, is it wise to have some of these people spending more time at home? I do question that. They have children, they have families; should they be drinking and smoking at home? There is always collateral damage, if you will, in any war.

I want to raise the issue of ventilation. My office is ventilated. This room has a very high ceiling. I think the ventilation is very good in this room. You indicated other provinces, and at present much of Ontario has designated smoking rooms. No one would say that smoking is good for you. I think the jury is out on second-hand smoke. People say, "Well, if it doesn't kill you...." There are no coroners' reports that second-hand smoke has killed anybody, but it's a nuisance.

What I feel is very important for this government to consider is, if it is a nuisance, ventilation solves that problem. In analyzing what's going on here, I guess my question to you is, what is the government doing? Is it truly wanting to solve the problem of the nuisance value of second-hand smoke? Is this a means to an end?

Mr. O'Toole: It's social engineering.

Mr. Barrett: Is the class of social engineers who are presently in government using this as a means to an end to encourage more people to quit smoking? What's going on here? Why not go with a practical, common-sense solution like ventilation?

Ms. Bodirsky: I would not suggest that I'm in a position to speak for the government, of course, but I appreciate your question. I do find it ironic that the government has said, in effect, that designated smoking rooms work, and work effectively, or else I would suggest that they would not be allowed, through the legislation, in seniors' residences. If they were not considered safe for our most vulnerable citizens, why would they be allowed? They work very effectively in those places, as they work in many other jurisdictions where they are allowed. If they work to contain second-hand smoke, to keep it from spreading to areas where non-smokers are gathered, then why would that not be allowed?

In some jurisdictions—British Columbia, for example—they limit the time that workers can spend in designated smoking rooms to no more than 20% of their shift. The intent there is to make sure they are not exposed to second-hand smoke if they choose not to be, and of course they have the right to refuse to work in those areas altogether. In other places, they've said that there's no service in the designated smoking rooms. If someone chooses to smoke, then they bring their own drinks in and take their own drinks out afterward, so there's no exposure of workers to second-hand smoke.

Designated smoking rooms work extraordinarily well. There have been a number of studies that demonstrate that very effectively. The most recent was done by Stantec, which is an international environmental consulting firm. I'm happy to leave a copy of their study with the committee. I have it on disk as well for the clerk, who may find it easier to deal with. What the study shows very clearly is that second-hand smoke is contained by designated smoking rooms, which ensure that non-smokers are not exposed to it if they choose not to be. Again, this is a solution for many bar and pub owners and, of course, for legion halls and casinos and hotels and a host of other hospitality establishments that depend on smokers for a significant portion of their income.

The Chair: Thank you for your presentation this afternoon.

Mr. Barrett: Mr. Chair, as I like to do on occasion, I would like, on a point of order, to put forward a motion.

I move that the government of Ontario consider ventilation and attendant designated smoking rooms as a solution to the issue of second-hand smoke.

The Chair: Thank you. We'll discuss that at report writing time.

ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair: Would the Ontario Association of Optometrists please come forward. Good afternoon. You

have 10 minutes for your presentation, and 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. Shirley Ha: Thank you, committee members. My name is Dr. Shirley Ha, and I am the president of the Ontario Association of Optometrists. With me is Barbara Wattie Fuller, our executive director.

We welcome the opportunity to present before the standing committee on finance and economic affairs. Unfortunately, we were not provided with the same opportunity to present before you last year, and as all of you are aware, last year's budget saw sweeping changes to the way optometric services are funded in this province. Today, we will communicate directly to you and through you our grave concerns in the area of spending on professional eye care services for Ontarians. It is imperative that members of this committee and the entire Legislature understand the crisis that optometrists continue to face as a result of government inaction.

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In our presentation today, we will address a number of critical issues that continue to face both Ontario's optometrists and the thousands of Ontarians who rely on them for their primary eye care needs. We will also provide recommended solutions which have a minimal impact on Ontario's overall fiscal plan. The OAO has always tried to provide options that recognize the fiscal constraints of the province, yet the government only seems interested in policies that place the financial burden solely on our profession.

As many of you are aware, optometrists are front-line, primary eye care providers who are responsible for delivering the majority of primary eye care and vision care services in Ontario. More than three million patients visit an optometrist in Ontario annually for services that include comprehensive eye examinations and treatment in the areas of refractive status, oculo-motor status, sensory status and the health of the eyes. Patient care also includes the diagnosis and management, in co-operation with physicians, of the ocular manifestations of certain systemic diseases, including diabetes and hypertension.

The OAO is the voluntary professional organization representing optometrists in Ontario. In addition to providing resources and continuing education to its members, the OAO is committed to raising awareness of optometry and educating the public about the importance of their visual health.

There is an urgent need for a fair contract with Ontario's optometrists now. Last year, our written pre-budget submission to this committee focused entirely on the urgent need for government action on OHIP funding for optometry services. OHIP-funded optometry fees have been largely frozen for the past 16 years—I repeat, the past 16 years. The government responded in the 2004 budget by delisting optometric services for adults in Ontario, effective November 1, 2004, while continuing OHIP eye care coverage for children and seniors at the same 16-year-old rate. I should note that we were not

consulted about this delisting nor were we provided with detailed information after the budget announcement. In fact, it was only after OAO held a post-budget news conference pleading with the government to ensure continued coverage for adults at risk for eye diseases that it guaranteed this vulnerable population would be protected as well.

As of November 1, 2004, the provincial government, through a regulatory framework under the Ontario Health Insurance Act, continues to pay for eye examinations by optometrists for children, seniors and adults with medically necessary conditions such as diabetes. The OAO is the organization responsible for negotiating the fee schedule with the Ministry of Health and Long-Term Care on behalf of the profession.

While the government has worked hard to negotiate new contractual agreements with the province's physicians, nurses and other health care providers, the agreement with Ontario's optometrists expired almost five years ago. Optometrists continue to work in the absence of any negotiated agreement, with fees that remain largely unchanged since 1989. Provincial legislation mandates that the ministry negotiate a contractual agreement for the provision of OHIP-insured optometric services with the OAO. The lack of progress is extremely troubling to us as it does not provide optometrists with the fiscal transparency and accountability necessary to be responsible financial partners with the government. It is somewhat ironic that the government would insist on stringent reporting mechanisms from its funding partners while the government itself is unwilling to follow financial best practices in negotiating a legally mandated agreement.

In short, the negotiation of a new funding agreement setting out fair and reasonable fees for OHIP-insured optometric services is not only long overdue but it is crucial to the very future of the provision of primary eye care services in Ontario. We would ask this committee to recommend to the government that it make the negotiation of a fair agreement with Ontario optometrists a financial priority in its 2005-06 budget.

Over the past 16 years, there have been significant advances in technologies and examination procedures to diagnose eye conditions and diseases, which the profession is subsidizing out of its own pocket. As our fees have been frozen for 16 years, they do not come close to covering the costs of providing eye care, and the profession is increasingly concerned with its ability to maintain the standards of care set out by our College of Optometrists of Ontario. The costs to just keep the lights on at our practices have significantly increased, and when you add on the increased equipment costs to ensure compliance with the more stringent regulatory standards imposed by the government, the effects are devastating.

Optometrists lost money on every OHIP eye examination they did last year, and have done so for the past several years, or since at least 2000. They have had no choice but to make up this shortfall from the income they received from the provision of other non-OHIP-insured

services, such as dispensing of eye glasses and contact lenses, because they would go bankrupt if they had to rely solely on their OHIP examination fees.

At the same time as optometrists' income decreased by 14.4% since 1990, the year that I graduated, other health care professionals have seen their incomes increase steadily. In fact, there have been significant fee increases to other health professionals, including physicians, nurses and health care technologists as well as other government and broader public sector employees.

The recent delisting of eye examinations still results in an estimated two thirds of Ontario's population insured, so there will be a limited opportunity for optometrists to subsidize OHIP eye examinations through these deregulated eye examinations. In addition, a large number of adults had their eyes tested prior to the delisting, so it is anticipated that there will be a significant decrease in the number of adult eye examinations now that the de-insurance has come into effect.

We are asking this committee to recommend to the government that it immediately increase the fees paid by the government for the eye examinations provided by optometrists under the Health Insurance Act. We are asking you to recommend to the government that provisions be made in the 2005-06 budget to recognize the increase in eye care costs over the past 16 years.

The ministry has made a bad situation even worse with respect to the automated visual field assessments. When optometric services were officially delisted on November 1, 2004, the government did not take the opportunity to restart negotiations or recognize the increased costs to perform eye examinations. They appear to have made a bad situation even worse by adding to the services that they expected optometrists to perform for a 16-year-old fee. This fee, which is currently frozen at \$39.15, didn't cover the overhead costs of providing primary eye care before November 1, when the change took effect.

Let me provide you with a very real example. It appears to be the government's position that the recent changes to the schedule of optometric services under the Health Insurance Act should mean that the highly technical and time-consuming procedure known as automated visual fields should be included as part of a primary eye examination covered by the Health Insurance Act.

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

Dr. Ha: Really? OK.

This was done against the advice of our association and of our regulatory body, the College of Optometrists of Ontario. An automated visual field assessment, or AVF, is an additional assessment which provides a detailed mapping of the extent and sensitivity of the patient's visual fields. They are performed for a myriad of clinical conditions and are considered an integral part of screening, diagnosing and following patients with diseases such as glaucoma. They are performed only when clinically indicated, and many ophthalmologists

have relied on primary eye care providers to perform these assessments before any medical referrals are made.

Everyone but the Ontario Ministry of Health and Long-Term Care agrees that AVF assessments are additional, secondary assessments that are usually as time-consuming as the primary eye examination which preceded them.

I'm just going to skip over a bit.

Moreover, in all other North American jurisdictions AVFs are not considered to be part of a primary eye examination but rather are considered an additional service. Optometrists in most of these jurisdictions bill patients directly for AVF assessments.

The Ontario government needs to come to a decision. We communicated with Minister Smitherman last summer and noted that if the government moved forward with OHIP policy changes without addressing, in some form, the fees optometrists are paid, patient access issues will emerge as optometrists strive to ensure that their practices remain solvent in the face of skyrocketing business and professional costs. Unfortunately, until the issue of fair support for AVFs can be resolved between the Ontario government, our association and regulatory college, we have no choice but to ask our members to cease providing this service and to refer patients to other health care providers and local hospitals for AVF assessments. This is not a decision to take lightly, and we truly regret the increased waiting times and inconvenience to our patients. However, we feel that we have no other choice.

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We're asking this committee to recommend to the government that they fairly fund AVFs in a way equal to ophthalmologists or, failing that, that they recognize that optometrists will need to be able to bill patients directly for this service in order to be able to afford to provide it.

I'm just going to go right to the recommendations. I'm going to skip over the TPA area.

The OAO has always tried to work with every political government in power to ensure that quality eye care remains a priority for the people of Ontario. We have tried to provide creative solutions during times of financial constraint and have been patient when it was asked of us. However, the government-funded optometry fees remain frozen since 1989, something that has not been asked of any other health professional group in Ontario. When compared with all of the other provinces, Ontario optometrists receive the lowest levels of compensation.

To reiterate, we would ask the committee to recommend to the government the following:

(1) That it make the negotiation of a fair funding agreement with Ontario's optometrists a financial priority in its 2005-06 budget;

(2) That it immediately increase the fees paid by the government for eye examinations provided by optometrists under the Health Insurance Act in the 2005-06 budget to recognize the increase in eye care costs over the past 16 years;

(3) That it fairly fund secondary AVF assessments in a manner that is equal to ophthalmologists or, failing that, that they recognize that optometrists will need to be able to bill patients directly for this service in order to be able to afford to provide it; and,

(4) I did not touch on this, relating to TPAs: That it immediately pass Bill 45 to allow optometrists to prescribe TPAs.

Thank you for allowing us to present today. Sorry not to have gone over all the material.

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

Mr. Prue: You've made a compelling case, as indeed some of the optometrists made last year around the time of the government announcement, of the effects that are going to be had if this service is delisted.

Can you tell me, in your own profession, how many fewer clients you see as a result of the delisting, or do you see any fewer at all?

Dr. Ha: I am seeing a drop in my patient flow, certainly. I feel that probably some patients are not coming in because they simply cannot afford to. They are definitely putting their eye health at risk, and that's very unfortunate.

Mr. Prue: I would think that, like members of the provincial Legislature, who have an insurance program and who get to go every two years, there are probably those who have a program and are showing up every two years as they always did. Seniors or children, who are still covered, probably show up as they always did. But it is the poor people—

Dr. Ha: It is the poor, the people in financial straits, who are not coming in, those people who are at risk, who should have their eyes checked. Unfortunately, the limits or the medical conditions that the ministry has listed for that group do not encompass everything, and it's just not fair for that group.

Mr. Prue: We heard, not in this round of budget debates but when the government was anticipating delisting optometry services, that optometrists found cancers that people had behind the eyes and the results of headaches and all kinds of things that ordinary doctors were not able to find. Is that part of your training? And why is it that doctors couldn't find it but optometrists could?

Dr. Ha: That brings up AVF assessments. A patient can come into my office who is asymptomatic; they may have just mild complaints of headaches. As a screening tool, as an additional diagnostic tool, I may do an automated visual field just to map their sensitivity along the visual pathway. I can even name a couple of cases. I had a 16-year-old who came in for a contact lens checkup and complained that he was not seeing very clearly in one eye. We had him come back the following week just to make sure the refraction was corrected and we still couldn't get him to see the way he did about six months before, when he was previously in. We did a visual field and it was confirmed that he had a pituitary tumour.

It is an additional assessment which the government now wants to have included in a primary ocular-visual

assessment, which I feel is not justified because it cost me over \$30,000 for that instrument to do that particular test. If that patient didn't come in—right now, he's actually going to Ohio for his cancer care, for his oncology care. It's something that he—there's no family history etc.

Mr. Prue: In terms of an increase—and I think everybody would agree that you deserve an increase—how much of an increase would you have to have just to break even, just so that for every person you saw you didn't make any money but just broke even? What is that increase, and then how much more should the government fund on top of that, which I think they should as well? But I just want to know the break-even.

Dr. Ha: I can't speak for all optometrists in Ontario, but personally, in my practice, I would have to say the chair cost for me just to do the eye examination is probably between \$55 to \$60. If I don't sell a pair of glasses, another patient who purchases eyeglasses is subsidizing that other patient or whoever is in my chair getting their eyes checked.

The Chair: Thank you for your presentation.

Mr O'Toole: Mr Chair, with your indulgence, I'd like to recommend that the Minister of Finance and the Minister of Health seriously consider changing the RHPA and scope of practice of the optometrists to allow them to prescribe therapeutic pharmaceutical agents, known as TPAs. This change would eliminate costs, duplication and improve access for patients.

Dr. Ha: Thank you, Mr. O'Toole.

The Chair: We'll discuss that at report writing time. Thank you for your presentation this afternoon.

ELEMENTARY TEACHERS'
FEDERATION OF ONTARIO,
THAMES VALLEY LOCAL

The Chair: The Elementary Teachers' Federation of Ontario, Thames Valley Local. 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. You may begin.

Ms. Lorraine MacLeod: Thank you very much for the opportunity to speak to this committee. My name is Lorraine MacLeod. I am a full-time vice-president with the Elementary Teachers' Federation of Ontario here in Thames Valley. I represent approximately 3,200 elementary teachers within our extensive boundaries, approximately 200 kilometres in diameter. Our teachers are committed and dedicated to providing for the educational needs of approximately 53,000 elementary students.

On behalf of my colleagues, I do wish to thank the Liberal government for the renewed and refreshing climate of respect they have demonstrated toward the elementary teachers in the province and for having recognized that children are our greatest Ontario resource and that the value of educating them cannot be understated. We have appreciated the pathway upon which

they have embarked to begin changes in the educational field. It is only through respect and consideration for the value of education, recognition for the professionalism of teachers and implementation of appropriate programs and supports that together we will be able to make this system very successful.

The positive changes made to date by the government are certainly overdue and they're very much appreciated. Smaller primary class sizes and the Good Schools Open initiative have made an initial difference. Focus on the needs of class size, literacy and numeracy, ESL and resources will all better meet the needs of our students. So much more is required in order to build a truly successful system to meet the needs of our students. The government has made a positive start, and the rest must now begin.

1420

Today I bring to you five recommendations which are essential to our success. They must and can be addressed through an amended funding formula.

The first topic to address is class size. The benefits reaped through a low pupil-teacher ratio are well understood, and the Liberal government's decision to cap classes at 20 is to be commended. We urge you to continue this until it is the standard.

The 2004 funding formula was not sufficient to generate appropriate class sizes last year for this current school year. In Thames Valley last spring, the existing funding formula generated proposed class sizes, based on actual enrolment, that reached as high as 36, 35, and 32 pupils in primary classes; respectively, grades 1, 2 and 3. That's 36 children in a grade 1 classroom. The junior and intermediate classes had similar numbers, with the highest proposed number at 37. Kindergarten numbers are not as easy to generate because the numbers aren't hard—it's not current enrolment—but the highest proposed generation was a combined junior kindergarten-senior kindergarten class with 29 children. Picture that: 29 children in a classroom, perhaps no educational assistant—often no educational assistant—no washroom, and a first-year teacher. The youngest of those children are not yet four years old, and not all are toilet-trained.

Thankfully, increased funding by the government to lower primary class sizes, increased allocation and flexibility removed and reduced most of these scenarios. However, we do, as of Friday, have primary classes at least as high as 30. We have junior and intermediate classes at least as high as 35, split grades and high needs. We have kindergarten classes as high as 26. I say "at least as high as" because with a longer timeline I suspect I could absolutely have generated higher numbers. Those were the ones that I could confirm by Friday afternoon.

A successful funding formula must generate smaller class sizes. What happens with this funding formula is that the 24.5 number becomes a divider. Principals sit down and re-fund it true to formula. So those are the numbers that the formula provided. Luckily, there is a fudge factor there in some places, but that's what the funding formula provided, and that funding formula

needs to be changed. We need to achieve the promised class size cap without comprising the integrity of the junior and intermediate divisions. Successes increase as class sizes decrease.

Our second recommendation is for increased preparation time. Currently, Thames Valley teachers are guaranteed, on average, 150 minutes per week. The legislation allows for 200 minutes per week. Increased preparation time is clearly an identified need.

Within our schools, some teachers are assigned an additional 50 minutes of supervision per day. So on a day when a teacher in these schools has no preparation time, they are responsible, between direct teaching and direct supervision, for 350 minutes per day. That's six hours. Add to that, and it's not an exaggeration, that in peak times some of those teachers could well be doing an additional two hours of extracurricular. If you're a basketball coach, a volleyball coach or a track-and-field coach and you're coming into your season, we have weekend tournaments. It's not an exaggeration to say that would be an eight-hour day, and then those teachers begin their duties as a teacher outside of direct student contact. They begin their preparation, their evaluation, their hunting up of resources.

More preparation time is required during the school day. Much of the professional interaction that teachers have to engage in with other professionals must be done during the teacher's workday, during the professional's workday. So we're asking that the funding formula provide for adequate preparation within the working day. If we truly value student success and we truly respect the professionals who make it happen, then the funding formula must be reflective of and value and provide for that opportunity.

The third recommendation I bring to you today is the need to fund for new teacher retention. We in the teaching profession know about stress and burnout. If any of you have read any of the documentation, you know that LTD coverage throughout the province continues to escalate. There have been enough articles in the paper about that. We know that new teachers in the Thames Valley district experience stress and burnout, and consider leaving the profession. In Thames Valley, teachers know that the resources are not always available. We know that new teacher positions are often very small, they're often split, and our teachers often have to cover very long distances in order to go between two or more schools.

ETFO Thames Valley has worked very closely with the Thames Valley District School Board to meet the needs of these new teachers, to support them and to keep them within the system and thriving. The government needs to make a commitment to these new teachers also. Increased funding for new teacher programs is going to provide them with the skills and the confidence they need to keep them in the profession. Increased salary starting points and more quickly attainable movement up the salary grid will also keep our new teachers there. It will

make our profession more competitive and be much more desirable.

My fourth recommendation is to eliminate the funding gap between the elementary and the secondary. The value of providing a rich educational environment to the youngest learners, in those formative years, is well understood. Needs that are not met then don't often improve; they escalate and continue to manifest themselves, and they manifest themselves long after the formal education in school is over. To reduce the funding to our youngest children is a false economy. We reap what we sow.

The Liberal government has talked about retention programs. Retention programs place money where it may not make a difference. There's an \$811 funding gap between secondary and elementary. We're putting our money in the wrong place.

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

Ms. MacLeod: Thank you. I may go into the question period just by a minute or two to finish.

Our fifth and final recommendation is for accountability in elementary expenditures. The government quickly demonstrated that they would embark upon a program to make real differences, and we're grateful for all those differences that we can see. It's important to the teachers in Thames Valley to know that all funding provided for elementary classrooms is being spent solely on elementary classrooms. It's important that we know that all money provided for elementary education is being spent in elementary education, for the purpose for which it was intended and in a timely fashion. We're recommending that the government require boards to prepare fully transparent budget lines and to regularly submit fully transparent, detailed accounting of expenditures. Additionally, we recommend ongoing and extensive monitoring to ensure that all funding intended for elementary education is spent as it is intended, and in a timely fashion to quickly realize the effect of the intended change.

In summary, the five recommendations would be:

(1) That the government amend the funding formula to ensure the realization of the primary class size caps promised while guaranteeing the integrity of class size in junior and intermediate divisions;

(2) That the government amend the funding formula to provide elementary teachers with 200 minutes of preparation time per week;

(3) That the government amend the funding formula to increase the starting wage, provide for more rapid movement up the salary grid, and provide supportive programming for new teachers to aid in retention;

(4) That the government amend the funding formula to eliminate that gap between elementary and secondary education; and

(5) That the government require and monitor, in each school board, fully transparent budget lines and fully detailed expenditures to ensure that all money allocated for elementary education is spent solely on elementary

education, for its intended purpose and with appropriate timelines.

Thank you. I request and hope that you will take these recommendations forward.

1430

The Chair: Thank you. The questioning in this round goes to the government, Mr. Wilkinson.

Mr. Wilkinson: Thanks, Lorraine, for coming in. We really appreciate that. On behalf of my colleagues, first of all, I'll just share with all you members how much we appreciate what you're doing. Teaching is a vocation, and we understand that. We've always considered it to be a calling.

Like many members, I get a chance to drop into elementary schools. I go and visit grade 5 because they study government, and there always seems to be that comment that it's been a long time since government MPPs have felt welcome just to drop in unexpectedly at a school and be welcomed with open arms and go see the kids in grade 5. It's a wonderful thing to do, particularly at East Williams. You should be very proud of that new school; I was visiting.

My question had to do with the recommendation 5. It's the first time I've seen this. It goes to the question of accountability with school boards. I mentioned earlier to another group that we have just recently upgraded the Provincial Auditor to the Auditor General. The Auditor General now has the ability to go and look at value-for-money audits for those large parts of Ontario where we transfer money to, including school boards. So is it your suggestion that the government of Ontario actually needs to have these value-for-money audits for school boards? You're concerned that money that's supposed to go to the elementary tier is not showing up there?

Ms. MacLeod: That would be a question that we have. Probably in any kind of a scenario where there's good communication, clear understanding and transparencies everyone knows where everyone is. We would like to know beyond a shadow of a doubt that all funding designated for elementary goes into elementary, and funding designated for classrooms goes into classrooms versus perhaps transportation for elementary.

Mr. Wilkinson: I know we've increased education spending this first year and it's been very, very difficult because there's not a lot of money floating around, obviously, given the situation we inherited. I think it's something like \$1.1 billion. There has been some concern about the fact that we need to put more money into foundation grants. But we have obviously been targeting money, for example, on that Early Years initiative—Mustard-McCain. We're great believers in that.

I'd just like to get your feeling, because from other parts of education they're saying, "No, no, don't be doing that. You should be working on the foundation grants." Are you in agreement? As long as we're not resulting in higher class sizes in junior and intermediary, do you find in your own personal experience that this is being effective, that we're being able to identify kids earlier, the ones who are having problems, just like the Fraser

Mustard report told us would happen? On the ground, is this working, do you think, the smaller class size?

Ms. MacLeod: We have seen evidence in some areas of class size. I would say the picture is that very many situations are very stretched, and in my role we hear about the situations that are not working. I have no doubt that there are some situations out there working. There are many that are not. Certainly, the smaller the class size, the greater the ability to support those children; the more learning support teachers and special-ed. programs, the greater the ability to help those children.

I think I could speak for my colleagues in that we do not feel there is enough resource for special support services to support the many children with high needs.

Mr. Wilkinson: Just to put it on the record, I want to let you know, if you would pass it to your members, how very appreciative we are of the number of your members who volunteered to spend time this summer on our literacy and numeracy initiative. That has done us a world of good, as we explain to the public just how dedicated teachers are to their profession. It was tangible proof of our effort to move literacy and numeracy and the fact that when challenged and requested, teachers will rise to that; not when they're bullied, but when they're asked, they'll always be there for the kids.

The Chair: Our time has expired. Thank you for your presentation this afternoon.

Ms. MacLeod: Thank you so much, and I am appreciative of the opportunity and hope that it will make a difference.

BALDWIN STREET
CHIROPRACTIC CLINIC

The Chair: Our next presentation is from the Baldwin Street Chiropractic Clinic. Would you 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 names for the purposes of our recording Hansard. You may begin.

Dr. Joseph Carvalho: My name is Dr. Joseph Carvalho. I'm in a private practice in Tillsonburg. We're a group practice at Baldwin Street. We are coming forward today to express some of our concerns regarding the delisting of chiropractic and specifically its impact on the radiological services. So I'm going to be touching more upon that to follow.

Our concerns are such that, since we've been delisted, one of the impacts that we didn't expect was the delisting of access to radiological services for our patients. Previously, a majority of chiropractors were using hospital-based radiology departments or other clinics which provide radiology services, and that was usually provided and covered by OHIP. So there was no out-of-pocket expense for patients for those services.

Since delisting, we just heard from the hospitals on January 1 that they were no longer going to be accepting requests from us under OHIP-based coverage, that they

would continue to do them, but there would be a charge to the patients. We just received that list of fees last week. They're reasonable fees; however, they are still fees. Our patients who are already quite strapped at paying more for their services and for their treatments are now also going to be paying for their X-rays. We have some concerns regarding these specific issues, and there are three major options that patients have now.

First of all, chiropractors are licensed to order X-rays and read X-rays with the training equivalent to a family physician. Right now, if we did need an X-ray at this point in time, the patient has three options. The first option is obviously to pay for fees themselves. The hospital department has quoted us \$36 for a low-back series and up to about \$50 for neck X-rays—very reasonable. We have a great working relationship with our hospital in Tillsonburg. They've been very understanding and helpful. In London, I understand from colleagues here, it's been a little bit different. They're charging patients up to \$100 for the same set of X-rays. So there really is no standard right now, and it's pretty much—

Mr. O'Toole: Two-tiered health.

Dr. Carvalho: It's two-tiered health at this point in time.

So if a patient cannot afford or is reluctant to do that, they can go through their family physician, which is what we have been encouraging. We have a good relationship with physicians in town; at least we try. So patients, if they cannot afford to pay for X-rays, will make an appointment with their physician, which can take two to three weeks. The physician will then review the file, which will cost the government another consultation visit, and then there's a reading fee involved when a physician orders an X-ray.

So in addition to paying what they were paying before, which is approximately \$30 for an X-ray, they're paying an additional consultation to the physician. Patients have to wait two to three weeks in Tillsonburg to see their physician, waiting in the waiting room, which takes away time from them seeing other patients who need to be seen. It's going to cost the government about two to three times more than what it was costing before. So that's one of the options.

The second option is, they can go through the hospital emergency. So if they can't wait two to three weeks to get their physician, then they can go to hospital emergency and wait for four to five hours, see the on-call emergency room doctor, and at that point they will evaluate. There will be another charge to OHIP again for an emergency room visit. In addition to that, there will be the X-rays, which will be taken again.

For most physicians, when they request an X-ray, it's because the patient needs it. We have concerns about pathology, trauma. There may be some form of concern we have that we don't want to treat without those proper services, in which case most physicians will go along with us and will in fact order those X-rays. So there

really is no cost saving for the government. This has actually, I think, been an oversight.

So we have no benefit for ordering X-rays. We do not get paid for it; we do not profit from it. It's quick access to patients, it's cost-effective and typically, right now, with the hospital, we have patients usually within two hours, if necessary, for an X-ray, and if it was not an emergency, up to two to three days, which is a far faster access to radiology services than what we're encountering right now.

The changes of delisting have had a very serious impact on us accessing X-ray services for our patients. It's very troubling and disheartening, and we hope the government will review this and perhaps, if anything, allow chiropractors to bill OHIP for X-rays, to allow the hospital bill on our behalf for X-ray services. We're not asking to get paid for them; we just want access to these services because we find they're critical in proper diagnosis and treatment.

With me today I have Linda, a long-term patient of our office, to give you a little more of a patient's perspective so you also understand what our patients are thinking and what delisting has meant to them and their families.

Ms. Linda Thompson: Let me begin quickly by introducing myself. My name is Linda Thompson. I live in Norfolk county, rural Ontario. I'm married, with three boys who range in age from nine to 14. My husband and I own a small business that has stood the test of time, despite these difficult years for the small business owner. We are what I would call middle-income, average, middle-aged Canadians.

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You may wonder why I am here and why I have a vested interest in the presentations being made today. My life has at times been a painful experience. However, I cope and would call my lifestyle healthy and active. During my teenage years, as with others from the area in which I grew up, I worked priming tobacco. As Stompin' Tom sings, "My back still aches when I hear that word Tillsonburg." During this early stage of my life as a young teenager, I began chiropractic care. I went because not only did my back ache but I sustained a neck injury when a baggie of tobacco, weighing about 50 pounds, fell from six feet above me and landed on my back and neck while I was bent over, picking tobacco. It was those long summers and that backache that got me through university. I earned an undergraduate degree at Brock University in business admin.

I followed that with 10 years working as a manager at Shoppers Drug Mart. It was during these 10 years that I saw the extreme waste of prescription medication. It is beyond belief, the number of prescriptions some individuals ingest, while I believe a healthy lifestyle has a lot to do with our health.

I have been in two serious car accidents. The first one, I was off work for approximately four months while I healed, and the second, when my car was actually totalled, I returned to work the following week. All of

that would not have been possible without the help of chiropractic care. Had I visited a doctor, I believe I would have been sent home with painkillers and left on my own to heal. The government's greatest interest should be getting Canadians back to work and feeling well. Painkillers do not have that effect. They make patients very drowsy and incoherent. In order for rehabilitation, the damaged muscles, tissues and spine alignment must be correct. I could still be on those initial painkillers—Tylenol 3—on a regular basis, but I have chosen what I believe is a healthier alternative: chiropractic care. There are many others out there much like me.

I believe in going to the doctor when the circumstances warrant, but many are there on a far too regular basis. My son, who is 14, has not had a prescription since 1997 and has only been to the doctor's once since. My middle son, who is 10, frequents the doctor's office for his chronic ear infections, although we have now gone a little over two years since his last visit. My youngest son has been about the same, two years. My husband's last visit was for an eye infection in 2001. I go to the doctor's on a regular yearly basis for my physical. The reason I point this out is because I don't believe Canadians can even begin to understand the crisis of our health care system, with the shortage of doctors, especially in smaller rural areas. This is where chiropractic care is not only essential but a simple solution.

A doctor's solution to pain is to cover it up—a painkiller—and if the system permits, with available diagnostic equipment, further treatment can be developed. However, when I booked my last doctor's appointment in the second week of September, the earliest opening was December 22. When people are in pain, it does not subside for three months while waiting to get in to see a doctor. Reality still exists. These people are often parents or, worse yet, adults looking after their parents and are trying to hold down a job. Often when I call the chiropractic office, I can get in when I want, what fits my schedule, and I come out ready to conquer the next thing on my never-ending list of things to do. If I needed to wait three months to find a solution, I certainly would not be a pleasant nor productive person to deal with.

As far as chiropractic care, I am at what I believe would be termed a maintenance level of care, whereby I attend the chiropractic office on average once a month. Before chiropractic care was delisted, I would not term my attendance as abusive but constructive, in that it has made existence bearable. I am probably in the category of people who use both health care and chiropractic care with logic. However, it always seems like those who are logical about their approach to benefits are penalized.

Now not only are we required, for our health, to pay for the whole portion of chiropractic, we will be further burdened by the cost of diagnostic testing that enables a doctor—a doctor of chiropractic—to treat us to the best of their ability. Dr. Carvalho has ordered two X-rays in order to treat both my neck and my lower back during the last couple of years. It was the aid of these two tests that

has me virtually pain free. However, because of a mild degree of associated degenerative change that exists in my neck and spine, eliminating chiropractic care would be detrimental to my overall well-being.

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

Ms. Thompson: I am taxed, taxed and more taxed. I pay corporate taxes, payroll taxes, business taxes, personal income tax, property tax, provincial sales and goods and services taxes and, in the future, health care taxes. I really believe that I pay into the system far more than I receive back in restitution. I believe that everyone should be entitled to the health care that is required, as we live in a country that believes in equality. The point I'm really trying to make is that it is always the honest individuals who are, in the end, penalized for use of the system.

If the government is truly interested in saving money, there are some easy and visible ways, as the average Canadian, that this can be achieved. You have delisted chiropractic care and in addition decreased the services that people using this system are entitled to. My first question is, how is not allowing doctors of chiropractic access to diagnostic testing without patient cost saving you money? In the end, a patient will not pay for the test that is available at a hospital. They will make an appointment with their doctor that costs the health care system or, worse yet, they will attend the emergency room with their ailment and the tests in and of themselves will be performed there, costing far more than the amount the health care system would have paid in the beginning. Meanwhile, while waiting for either a doctor's appointment or a test, the individual has been off work. Your best interests should be to get the individual treated and back to work, to collect payroll taxes and, in the end, sales taxes, as they will have more discretionary money.

Consider: Instead of delisting chiropractic care, why not put a personal limit on attending the office of a doctor? People should be forced to think twice about calling the doctor's office for petty ailments. Doctors are the ones backlogged, not chiropractors. Ease some of their workload. Allow the health care system to top patient visits or, better yet, limit visits to the emergency room or put a limit to the number of prescriptions that are allowed, to eliminate waste. Allow chiropractors to help out in ways that the government has allowed them to be licensed. Allow Canadians equal access to the health care they choose. Don't penalize one choice over the other.

The Chair: We'll move to our questioning, and we'll go to the official opposition.

Mr. Barrett: Thank you, Dr. Carvalho and Ms. Thompson. I find the Tillsonburg experience valuable, the local increase in cost to the taxpayer, essentially, with respect to X-rays in the Tillsonburg area. I'm a former MPP for Tillsonburg. I represent Haldimand-Norfolk-Brant. In our area, many people work with their hands, they work in manufacturing and farming, and obviously there are seniors in the Tillsonburg area. I can imagine much of your caseload.

I also primed tobacco. I wasn't smart enough to get a Ph.D. It's probably just as well because my back probably couldn't have lasted that long anyway. But tobacco put me through school, and I hear what you're saying on that.

Issues chiropractic have dominated these hearings, I think in almost every town and city we've visited. Some of your local statistics dovetail well with the Deloitte study: more visits to doctors, more emergency room visits and, as you say, the increased pressure on the taxpayer. I would expect that you're submitting some of your findings to your association. I think it's valuable to get some of the localized statistics and data. Is there a mechanism there where you can go further with some of the local scene that you've documented?

Dr. Carvalho: Yes. When you're working with a hospital, like I said, in our community we've always outsourced our X-rays to try to provide our care at a reasonable cost. Right now, a lot of chiropractors across Ontario are facing the effects of not being able to order an X-ray, so patients have to go through either a physician or the emergency room. We're trying to get that information, as an organization, to the government so they understand that this is a major oversight. This is actually a huge cost and the patients we're encountering so far are not opting to pay for them. They're frustrated. They will make an appointment with their physician, they will go to the emergency department and they will get the X-rays taken, but this is a far greater expense. As I said, we do not benefit personally from this. We're not benefiting from the X-rays; we're benefiting from getting access to the information so we can treat the patient as best we can.

Our organization right now is just dealing with this issue, because we weren't really prepared for delisting. We thought it was a matter of just increasing our fees and services. The issue of X-rays is one we just encountered recently.

1450

Mr. Barrett: People do feel this decision should be revisited, this delisting of what is an essential health service for many. There are 600,000 names on petitions, as you know. Where will you and your colleagues go from here? You've run a very successful petition campaign. Where do you go from here?

Dr. Carvalho: I think there will be a grassroots movement that you will be seeing in the next election. You'll see chiropractors involved at a political level. We'll be out there supporting a candidate. We'll be vocal with our patients. Our patients will be active. We have decided that we have no choice; we can't be silent. We have to get politically behind people who support our interests. Until now, we've never had a political affiliation. We never told patients how we felt; we never told them which candidate would represent us the best. I think you'll be seeing that at a grassroots level. We will be active out there on the campaign trail. We will be supporting a specific party. I believe our association will

instruct us on who they believe will be the party to choose and the party to go with.

Even now, we've already mobilized a lot of MPPs in our areas. We've called them. We've spoken to them. We know which ones are working on our behalf, which ones have the interests of Canadians and Ontarians at heart. I think that will be the next step that we'll be taking on a more grassroots level.

Mr. Barrett: Thank you, Doctor. We certainly see that in many other organizations, that kind of political activism.

The Chair: Thank you for your presentation this afternoon.

Mr. O'Toole: On a point of order, Mr. Chair: I have a motion.

I move that the Ministry of Finance and the Ministry of Health and Long-Term Care reconsider their decision to disallow chiropractic access to radiological services. This change will reduce demands of family doctors for a radiological referral. At the same time, it will save unnecessary doctor visits. This change will save time and money while improving access for citizens, indeed patients, in Ontario.

The Chair: If you'll provide that in writing to the clerk, we will discuss it at report writing time.

Thank you for your presentation this afternoon.

Dr. Carvalho: Thank you very much for having us.

CONSERVATION ONTARIO

The Chair: Would Conservation Ontario 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 yourself for the purposes of our recording Hansard, and you may begin.

Mr. Peter Krause: Thank you for allowing us the time, and welcome. I am Peter Krause, chair of Conservation Ontario and the Grand River Conservation Authority. With me are Jim Coffey, general manager of Saugeen Valley Conservation Authority, who will also lead our provincial transfer payment review initiative, and members of our review team: Keith Murch, assistant CAO from Grand River Conservation Authority, and Bonnie Fox, policy and planning specialist with Conservation Ontario.

I will speak first on behalf of Conservation Ontario, providing you with an overview of the organization and our key issues, and then Jim Coffey will provide a local perspective on the issue of the provincial transfer payments as it affects the Saugeen Valley Conservation Authority.

A quick background on Conservation Ontario: It is a non-governmental organization that represents the common interests of the network of 36 conservation authorities. Conservation authorities are community-based resource management organizations working on a watershed basis. Almost 90% of Ontario's population, approximately 10.5 million people, is located within a

conservation authority's jurisdiction, where resource issues and user conflicts are greatest. It is also where a joint provincial-municipal investment is needed most. Conservation authorities deliver community-based, practical solutions to natural resource problems such as floods, droughts, source protection and natural heritage preservation.

To begin, I do want to acknowledge the provincial government's investment of approximately \$12.5 million for conservation authorities to prepare for the source water protection planning effort, and \$5 million to match local funding for repair and replacement of aging infrastructure, including flood control dams and erosion control works. These are important investments that will help protect drinking water, ensure public health, and protect lives and property from flooding and erosion. It is our understanding that the government remains committed to providing targeted funding in 2005 to continue these specific initiatives.

I also want to acknowledge the government's support of conservation through property tax relief. The approval of the conservation land tax incentive program, the CLTIP regulation, will make it easier to protect lands of natural and environmental significance. This program will be even more important as all stakeholders become involved in source protection planning and growth management.

I want to emphasize once again that conservation authorities appreciate the foregoing commitments. None, however, address the issue that I bring forward today; that is, the ongoing and significant shortfall in provincial funding to conservation authorities for the implementation of flood and erosion control programs.

Currently, \$7.6 million in annual funding is provided through the Ministry of Natural Resources for provincially designated responsibilities, and I do have for your review a report prepared by Conservation Ontario and submitted to the Minister of Natural Resources in July 2004 that examines the amount and type of funding shortfall.

The report, based on a review of the 2002 audited financial statements of the conservation authorities, shows that they experienced a \$9.1-million provincial funding shortfall, and a \$13.8-million provincial funding shortfall is projected for 2005. The report calls for:

(1) Fair, equitable and sustainable funding for basic operational activities for implementation of the flood and erosion control program;

(2) A re-instatement of funding for activities of provincial interest, including municipal plan review; the Conservation Authority Act, section 28, regulation of development, interference with wetlands and alterations to watercourses; and shoreline management

(3) An annual consumer price index adjustment to funding.

Seventy per cent—and more are coming in—of our member municipalities have passed resolutions in support of this report. The lack of adequate provincial funding to meet its own definitions for provincial transfer

payments has led to significantly higher costs being downloaded to municipalities. Conservation authorities and municipalities have reached their capacity to generate additional revenues. A re-investment by the province and sustained municipal support will allow conservation authorities to maintain current services and initiatives, as well as to develop new programs required to meet today's increasing demands.

My colleague Jim Coffey will provide some local perspective on this issue.

Mr. Jim Coffey: Ladies and gentlemen, to provide some reference, the town of Walkerton is centrally located in the Saugeen Valley Conservation Authority. We are comprised of 4,675 square kilometres, with all or part of 15 municipalities having a total population of approximately 80,000.

As mentioned already, the Ministry of Natural Resources, in its policy, commits to a 50% grant rate for eligible programs. The SVCA presently receives grants at a rate of approximately 25% for flood forecasting and warning, operation and maintenance of flood and erosion control structures, municipal plan input, administration and ice management.

When the other non-funded, provincially delegated programs—namely municipal plan review, Conservation Authorities Act, section 28, regulation of development, interference with wetlands and alterations to waterways and shoreline management—are added to the mix, we are receiving grants at the rate of 19.8%. This funding shortfall has resulted in a significant increase to our municipalities since 1997 and, as a result, we have been given a very clear message from our municipal partners that this rate of increase is not sustainable.

We, at the local municipal level, have more than kept up our end of the partnership, and we sincerely hope that the province, through the Ministry of Natural Resources, will reinvest in the basic operations of conservation authorities in 2005.

Mr. Krause: Conservation authorities are committed to watershed management and their long-standing relationship with the Ministry of Natural Resources in natural hazards management, as well as our ongoing work with the Ministry of the Environment and other ministries on source protection.

Appropriate transfer payment funding levels for the basic operations of conservation authorities will strengthen their ability to provide leading-edge watershed management in Ontario, therefore protecting public health.

Conservation Ontario respectfully requests that the 2005 budget address the shortfalls identified by increasing the MNR provincial transfer payments for mandated programs of provincial interest from \$7.6 million to \$21.4 million.

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In conclusion, conservation authorities embody a partnership of the provincial and municipal governments focused on addressing some of our most pressing water and other natural resource management issues. For this arrangement to work, there must be a fair and equitable

cost sharing arrangement in place across all program areas. The health, well-being, lives and property of current and future generations depend on it.

We thank you for your consideration of our submission. We have handouts to be distributed to the members after the question-and-answer period, and the committee did receive a more detailed submission. We'd be pleased to respond to any questions you may have.

The Vice-Chair (Mr. Phil McNeely): Thank you very much. The question now goes to the NDP, and Mr. Prue.

Mr. Prue: The funding shortfall: You had a funding shortfall of \$9.1 million in 2004 and you're looking at \$13.8 million for 2005. What is driving this? What is causing the increase? That can't all be inflation.

Mr. Krause: A large part of it is inflation. The dollars have been fixed since about 1994-95 at \$7.6 million, so it hasn't increased at all. As I mentioned, our \$7.6 million was based on the 2002 audited financial statements, but the numbers have not gone up since approximately the mid-1990s.

Mr. Prue: So there's been no increase in funding to the conservation authorities in the last eight or nine years?

Mr. Krause: Not to the operational programs, no.

Mr. Prue: As a result of that, what things have you been required to scale back; or, in fact, have you scaled anything back?

Mr. Krause: I think most of the conservation authorities have, in fact, scaled back. It could be something like reducing the number of water quality monitoring gauges in streams and rivers, cutbacks on various programs, cutbacks on some of the fund reviews, or if we didn't cut back, we would go to municipalities for additional revenue. To a large degree there was some success there, but we're getting a significant amount of pushback at this point from the municipalities.

Mr. Prue: I can understand that. Municipalities are starting to suffer pretty strongly, I think, as a result of downloading. I'm not surprised.

I'm from Toronto so I know that best, and the conservation authority there. The conservation authority has tried everything—and I'm sure all of them do that—to raise funds in other ways; everything from a paddle down the Don and donations and things that we do. How successful has that been in the province, people donating funds?

Mr. Krause: Donation of funds; I'm not sure there's been a lot of success in that. Not all conservation authorities, for example, have foundations. Some do, and some of those foundations have worked very aggressively to generate additional funds.

Just to put things in perspective, in the early 1990s, about 70% of a typical conservation authority's revenue would have come from provincial transfer payments, and at this point it's a little bit less than 10% that is coming from the Ministry of Natural Resources in terms of running our basic operations for an average conservation authority.

Mr. Prue: The amount that you are seeking does not seem to be huge. Is that the total amount for all of Ontario, the \$13.8 million?

Mr. Krause: That's correct.

Mr. Prue: So that's the whole thing?

Mr. Krause: That's correct.

Mr. Prue: I think the minister should be able to find that kind of money. I hope he does.

The Vice-Chair: Thank you for the presentation. The time is up.

TOGETHER IN EDUCATION

The Vice-Chair: The next presentation will be by Together in Education. Could you come forward. You have 10 minutes for your presentation and there will be five minutes for questions. For the purposes of recording Hansard, would you state your name. You may begin now.

Mr. John Ryrice: My name is John Ryrice. I am here today representing public high school teachers in Waterloo region. With me on my left is Rick Moffitt, representing our public elementary teachers, and on my right, Bill Brazeau, representing our English Catholic teachers. Our three affiliates regularly take opportunities such as this one to advocate on behalf of both teachers and students.

Last year at this time I was able to be thankful for three things: the elimination of the proposed \$2-billion tax cuts to corporations, the cancellation of the tax credit for private schools and the nixing of the idea that seniors should be exempt from supporting public education.

With the commitment last year at this time of \$122 million to Ontario's most vulnerable students, it looked like our new government was taking a new direction, substantially supportive of students and educators.

A year later, unfortunately, I think we find ourselves still at a crossroads. Dr. Rozanski, in November 2002, said that public education funding needed to catch up and then keep up. Ontario hasn't done that. According to Hugh Mackenzie, school boards are 6% short of the funding needed to pay for their legally required staff. The government, in real terms, has provided less than 2%. Furthermore, a report by Statistics Canada has indicated that Ontario is an aberration in our country, in that since 1996-97 our province has not been keeping pace with inflation with respect to its investment in public education.

I know that Liberals will say that they have put more money into education, as well as into health care. On the surface, this is true. But as I've just outlined, this statement masks the core issue, which is that more funding does not necessarily equal, and does not equal, Rozanski's restoration.

Asserting that we have added more dollars is not the same thing as addressing real educational shortcomings. We need to pay for the real costs of education, and we need to change the rules to do this. I'll give you a quick example. As you know, because the Minister of Edu-

cation has highlighted this fact, Ontario's secondary school dropout rate has jumped from 22% to 30%, which is a huge increase—it's astronomical. What's clear to every teacher in the province is that we have some very disadvantaged students who need small classes in order to succeed, but the legislated 22-to-1 ratio kills that possibility. Every time we want to create two classes of 14 for our least able students, we need to create a class of 38 in order to reach the ratio, and I've got the math here to show you. To put it bluntly, this is insane. High school students do not thrive on classes of 38, and our teenaged students are younger than ever since we no longer have a fifth grade in high school. Yet at the moment, we are penalizing the students who are most at risk of dropping out, since we can't make their classes small enough to serve them.

I think two remedies are possible: either a reduction in the ratio to something like 20 to 1, which would give us more flexibility, or separate funding for essential courses so that they can be smaller in size. In either case, we're talking about substantially more teachers, which means substantially more funding.

What this example demonstrates is that you can't restore education through efficiencies—through bigger schools, fewer supports, simplistic formulas—because these only hurt kids. You can't claim to follow Dr. Rozanski's recommendations but then leave out his most important recommendation: the updating of benchmarks that create proper ongoing funding support for core employees, and you'll see a chart on page 7. This deliberate exclusion only breeds contempt and distrust among teachers, who can easily see that once again they are being asked to pay for the service they are providing, which is unfair and a form of social hypocrisy. Lastly, you can't build a future for the students of this province on deferred attention to their needs or deferred support for secretaries, custodians, educational assistants, special-ed. experts and teachers. In a nutshell, our schools need substantial reinvestment, not financial shell games. All three parties need to make real reinvestment in education a budget priority. If finding such revenue requires a fairer tax system, so be it—unfortunately, I don't have enough time, and that's probably a discussion for another day.

If you turn to page 8, you'll see the figures that have been provided by the ministry with respect to the amount of extra money that's being provided to make the artificial two, which was provided last spring, which was based on old funding formula numbers which weren't accurate and didn't reflect the real cost of teachers. These are the funds that are being provided to update that to something that's supposed to be two but still isn't because it doesn't include an increase for benefits, for example. If you look where I've got an arrow, at Waterloo Region District School Board, and follow your eye across to the secondary figure, it's \$129,145. If you divide that by the 1,200 secondary teachers we have, it works out to about \$107 a person. Divided by 52 weeks, it works out to about \$2 a week, which, after taxes, works out to about a buck. So the government has put forward

an additional buck a week, a Tim Hortons a week, in order to get deals with our members who aren't even getting the real two through this funding. That's a big problem, and I think it's exacerbating our ability to get agreements, because we don't have any across the province.

I'll leave it at that.

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Mr. Bill Brazeau: My name is Bill Brazeau, and I'm president of the Catholic teachers of Waterloo region. I represent both elementary and secondary teachers.

I wish to commend the current provincial government for spending less time and money on standardized testing. Local boards certainly have the staff and expertise to accurately identify and address student weaknesses at a fraction of the money spent by EQAO in previous years.

Substantial savings from EQAO could go to two other key needs. In Waterloo and elsewhere, funding is required to bring back specialty teachers in physical education, music, art, guidance, library and technology. The years of the previous government did a lot of damage withdrawing these teachers from our systems. The absence of these teachers in Ontario's elementary schools and the reduced possibility of elective courses in the four-year secondary system are eliminating lifelong involvement in the arts and closing doors to viable careers. It's obvious to me, and it should be obvious to all of us in the room, that a significant number of families in our province cannot afford instruction in these areas outside the education system. If you are really serious about restoring our schools—dealing with obesity, youth violence, unhealthy lifestyles, lack of literacy, poor career choices—you need to find the funds to put our specialty teachers back in.

We also need government funding for a solid mentorship program. Simply put, Ontario is not holding on to its beginning teachers. Thirty per cent leave in the first five years. Recently, the average age and experience of teachers has dropped, and there is no one left in our boards to mentor our youngest teachers and bring them along. The curriculum is harder and the students are more challenging, but nothing is in place to stop the teacher dropouts. What a waste. The effect of a well-funded mentorship program would be easy to identify. The young teachers would stay and would be more skilled.

As John has already said, our school system needs more funding and concrete supports, not deferred hope.

Mr. Rick Moffitt: My name is Rick Moffitt. I'm pleased to be here as the communications officer for Waterloo region's 2,500 public elementary teachers. I'm going to echo some of Bill's remarks, but I'd like to comment just quickly, if I could, as this is for Hansard, that John O'Toole has chosen not to sit at the table while the teachers have come to do their presentation. It's something we got used to over the years, but it's always worth noting.

I'd like to begin with two simple statements: Thank you for what you have done in the past year, and please do more.

For too long, Ontario's students have been subjected to a patchwork of education policy and patchwork funding. What we really need is a framework for sustained improvement, a framework that supports our excellent education workers and a framework that enables our students to demonstrate their excellence.

Elementary teachers have two major issues they need addressed by this government. The first is a demand for adequate preparation time, and the second is a return of specialty teachers to our teaching panel. By a happy coincidence, what would flow from the implementation of these two simple acts is a reduction in the amount of excessive, unproductive supervision time currently burdening our profession.

We need education funding that honours the legislated right of elementary teachers to 200 minutes of preparation time per week and a funding formula that provides boards with the capacity to meet this minimal expectation. Forty minutes a day was established in legislation as a minimum, not a mystical, magical dream to be strived for. In fact, prior to Bill 160 and all the Conservative cutbacks, the public elementary teachers in Waterloo region had precisely that—a minimum of a period a day for preparation and planning—and we valued this time so much that twice in the last six years we took job action not over wages but rather to try to keep our specialty teachers in the system and to retain the daily minutes for professional work that their presence created for everyone.

In addition to the need for prep time, we face another pressing and immediate challenge: teachers leaving the profession. Why can't we retain our newest teachers, especially our men? Why don't they stay? What they repeatedly cite as reasons are low starting salaries, lack of resources and government policies and pronouncements that convey that their work is not respected or valued. All of these could be addressed by provincial initiatives. Many will require money.

In conclusion, the three of us would like to thank the current government for their initial efforts to improve teacher morale, for their oft-stated respect for the profession. But we now ask that the government follow up on those on these first steps by completing the full implementation of the Rozanski recommendations by funding Ontario's educators and school employees to a level that fully reflects this avowed respect. In this direction lies the stability that we both wish to achieve.

Thank you for your time. We'll take questions.

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

Mr. Wilkinson: Thank you so much for taking time to do this. It's amazing, the three gentlemen before us. As we've always said, we understand that teaching is a vocation, and you take time from your vocation to do the work that you do for your associations. That's very, very important.

I have a couple of issues that I wanted to raise with you specifically about the retention of new teachers. We hear more and more about this and concrete things that

we can do to make that happen. In preface, we want to say that we do appreciate the patience that you've shown our government as we try to get a new working relationship with teachers in this province and sort through some of the fiscal challenges, I guess, that we have that are greater than we had anticipated. My concern is that if we're losing this resource, particularly men—and we'll talk to that, Bill, about men in elementary schools—you've mentioned the prep time, but, concretely, what are the things we can do to value their contribution, to send that signal? I don't think our government has said anything negative about men being teachers in elementary schools, but what a great influence they are. I know they were for me personally. Can you flesh that out for us? That would help a great deal.

Mr. Moffitt: I'd be happy to. I can tell you what our local is doing in Waterloo region, because we believe strongly in this. We need to put programs into place that allow teachers to develop one-on-one relationships with experienced teachers when they're new teachers. Too often, what gets done is the school board puts together programs that are either professional development types of activities or coaching types of activities—indoctrination types of activities—and that's really not what new teachers need. New teachers need to know what to do when the kids stand up and they talk, when the classroom management issues come to the forefront, when they look at long-term planning.

The easiest way to find out what the needs are is to survey them. In Waterloo region the elementary teachers did that three years ago. Last year we ran a pilot mentoring program, and this year we're running it again. Last year we had 37 of our 53 first-year teachers sign up for a program that was paid for just by the locals. What we did is, we provided release time during the school day, which is what new teachers need, because too often, when the bell rings, they spend the next few hours trying to figure out what they're going to do the next day, and they don't have time. We release teachers to come in for training sessions in our offices. We paired them up, and we managed to give them two half days each, the costs of it picked up by the federation. It's a start, but it's not enough.

This year we've expanded it. This year we have a much higher participation rate. We've got 60 out of 87 first-year teachers taking part in the program. We've got 40 mentors. We've managed to reduce the mentors from a 3-to-1 ratio to a 2-to-1 ratio, and we have more time freed up for the training. That's what you have to do; you have to give them the time to do this. You have to give them time to visit with an experienced teacher in their classroom so that they can observe the tricks of the trade. You've got to give time for the experienced teacher to come into their classroom and observe those new teachers teaching so that they can give them feedback that's personal, that they can use in their own classrooms.

Mr. Wilkinson: That's very impressive, that you're doing that. That's wonderful.

Mr. Moffitt: And we're doing that at great cost. If I could just add, our local spent \$17, 000 last year, and this

year we are spending \$22,000 out of our federation funds. We have twice, both years, asked the school board to partner with us, but quite simply, there is no funding line that allows for this right now, and so they're unable.

The Chair: Thank you for your presentation this afternoon.

Mr. O'Toole: On a point of order, Mr. Chair: I just wanted to point out that my name was mentioned, and I indeed was here for part of that presentation. I was meeting with—

The Chair: That's not a point of order.

Thank you very much for your presentation this afternoon.

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McMASTER UNIVERSITY

The Chair: I would call on McMaster University to come forward. Good afternoon. You have 10 minutes for your presentation. There might be up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard, and you may begin.

Dr. Peter George: Thank you, Mr. Chair. My name is Peter George. I am the president and vice-chancellor of McMaster University. I would like to begin by thanking the committee for giving me this opportunity to present some thoughts about post-secondary education and research in Ontario.

In the next few weeks, Bob Rae will be tabling his review of post-secondary education in Ontario. Mr. Rae has been forthright about the funding problems faced by our colleges and universities and the link between prosperity and investment in higher education. I hope this committee will have an opportunity for careful study of the recommendations of his report before that final report is submitted to the Legislature.

You've heard this morning from my colleagues from the Council of Ontario Universities and from the University of Western Ontario. They provided you with their insights and advice on the Rae review. I don't want to go over the same ground, but I have a few observations of my own before turning to the important topic of university research.

Most people in Ontario agree with Mr. Rae that public investment in post-secondary education delivers significant benefits to the community. They likely know that university graduates earn more and have higher rates of employment than other groups of graduates. University graduates make up about 15% of the population but pay 35% of the personal income taxes collected in Canada.

Other contributions to the social good are less transparent. For example, university graduates place fewer demands on public health care, welfare and criminal incarceration services, more often take leadership positions in political and voluntary organizations, and have higher rates of philanthropic and charitable giving.

The clearest affirmation of the value of post-secondary education is that most parents want their children to have a university education, or a college education. They con-

tinue to send them to Ontario universities and colleges in record numbers. This is undoubtedly recognition of the individual benefit of higher education.

The TD Bank economics group, for example, recently estimated that a post-secondary education pays a real after-tax annual financial rate of return of more than 12%. Perhaps even more important are the many non-monetary benefits, which include better health, longer lives and the opportunity to make more life choices.

We've all had personal experiences with young people who have benefited from post-secondary education, and the thought that even one of them might have been denied access for lack of financial resources or a lack of space in the system is unacceptable to most of us. Why, then, is there not more interest in or support for building the best possible universities and colleges? Why do debates about higher education focus almost exclusively on tuition fees rather than quality?

First, I think the need to invest in quality is not well understood by the community or even by our political leaders. People do not make a distinction between funding increases that are needed to meet increased enrolment and the funding needed to keep up with the quality improvements of our major competitors in Canada and the United States, or to meet the quality requirements that arise from Ontario's own strategic needs. Indeed, the only real funding increases for educational purposes in Ontario post-secondary institutions have been directed at enrolment growth, with particular focus on the double cohort. Accessibility has certainly captured the public and, hence, the government's attention, but quality has not.

Second, students and their families are most focused on lower tuition because the immediate benefits to them are more obvious. Governments have been drawn into short-term responses to these concerns. However, there is a need for firm political leadership with a longer-term vision that recognizes that investment in a quality education, rather than simply a low-cost education, will better position graduates and society for the future.

The role of universities in the inspiring and nurturing of innovation also needs to be more clearly understood. University research saves lives, leads to new commercial products and processes, provides analyses of pressing social issues and problems, and exposes us to new forms of creative expression. Nationally, university research has been estimated to add \$15 billion to Canada's GDP per year, creating between 150,000 and 200,000 years of employment annually.

In addition to the social and economic benefits of our research, Ontario's research-intensive universities produce the highly qualified personnel needed by an advanced economy. For example, in the case of our health care system, the foundation of strong health care is the education of health professionals and support for the researchers engaged in the development of new medical approaches and treatments.

Over the past decade, government leadership has made a significant difference for university research in this

province, enabling Ontario universities to take their place among the top universities in the world. Toronto and McMaster are ranked in the top 100 in a recent academic ranking survey by the Shanghai Jiao Tong University.

McMaster's experience illustrates how careful strategic planning can make a difference. For the past 10 years, we have focused on building our areas of research strength and promoting interdisciplinary work. This focus has brought McMaster success in its research enterprise and has been noted by those who rank universities' research performance.

In Research Infosource's most recent report on sponsored research funding at Canadian universities, McMaster ranked second in Ontario in total funding and first in research intensity—funding per full-time faculty member. We are proud to have been named Canada's 2004 research university of the year by Research Infosource.

Five Canadian universities were ranked by the Scientist magazine in the top 10 places to work in the world in academia outside the United States. Two, including McMaster, were from Ontario. This recognition, while gratifying, does not tell the story of jobs and the economic and social benefits that the university creates for the community and the province. We estimate the economic impact of McMaster's research alone to be about a \$525-million annual contribution to Canadian GDP, predominantly in Ontario. McMaster is a major source of vitality in the Hamilton economy, which has experienced a number of setbacks in recent years.

The research ranking does not tell the story of the practical discoveries and innovations that make a difference for Ontario businesses. Let me give you one recent example from McMaster's manufacturing research institute, as reported in AutoPlant Magazine in November 2004:

"A research team led by engineers from McMaster University in Hamilton has developed a promising new automotive process to machine car engine blocks. The process is said to be faster, cheaper and better for the environment than existing methods....

"Researchers believe the McMaster engine block project will give the Canadian car industry a significant leg-up in global auto trade."

There are many more examples of new technologies and new ideas that I could have cited. On any given day, there are more than 2,000 funded research projects underway at our university, ranging from developing new vaccines to studying globalization and how it relates to public policy, to finding better ways to make engine blocks. The scope and scale is multiplied many times when you take into account the research activities of all of Ontario's universities.

McMaster's strategic plan identifies the university's role in economic development, and our mission statement affirms that "we serve the social, cultural and economic needs of our community and our society."

Earlier today, we made a major step toward the realization of that plan with the announcement that

McMaster University is acquiring the property formerly occupied by Camco as the site for our new research and innovation park. We plan to turn an abandoned 36.7-acre industrial site into: a source of new energy and jobs for the Hamilton economy; a critical component of the R&D infrastructure to support and grow the auto/materials and manufacturing cluster, the biotechnology cluster and nanotechnology in Ontario; a centre for commercialization of university research; an incubator for innovative start-up businesses; a training centre for graduate students, undergraduate and college students, and highly skilled labour needed for the auto/materials and manufacturing sector; and a globally recognized centre of expertise in materials and manufacturing research, biotechnology and nanotechnology.

You may also be aware of our memorandum of understanding with the city of Burlington, announced on September 30 last, agreeing to explore the possibility of establishing a McMaster campus in that city, focused on an innovative, integrated program in the arts, technology and leadership.

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Some of our research and innovation effort is devoted to the way we teach and the way students learn. I think that is something I want to emphasize particularly. We pursue excellence in learning by integrating teaching and research. We've been a leader in developing problem-based learning, first in our medical school and subsequently the inquiry model of learning, where with the support and coaching of instructors and senior students acting as mentors, students take responsibility for their own learning.

The process of research and discovery is vital. It leads to new products and processes, even new approaches to learning that support the growth of jobs and business in our economy. New ideas, creative ways of thinking and innovative approaches to problem-solving are the hallmarks of research-intensive universities. Society benefits, as do students who learn to open their minds and focus on the undiscovered rather than the status quo. It is how we create leaders. It is how we create the human resources needed to adapt to and compete with technologies and other developments from around the world. It is how Canada and Ontario will remain competitive internationally.

In your hearings, representatives of post-secondary education have and will continue to make the point that there is a serious need for increased funding. But I often ask, is it really the role of universities and colleges to tell government of the value of post-secondary education and the importance of quality? We have at least the appearance of a conflict of interest if our advocacy is too vocal, but it is imperative that we provide you with the appropriate ammunition.

Universities and colleges will help in this process by working with government to develop objective accountability mechanisms and performance measures that I am confident will confirm the value of the investment we are asking government to make in post-secondary edu-

cation—not just the economic impact, as important as that is, but we must also measure the quality of the student experience, learning outcomes, research production and the broader impacts that post-secondary education has on our social institutions, our culture and civil society.

But right now, government, with the support of this committee, needs to demonstrate leadership by finding, among competing priorities, the resources that are needed to secure the vital and diverse role of the province's post-secondary institutions in Ontario's long-term prosperity. McMaster is ready and anxious to be an even stronger partner in Ontario's future success.

The Chair: Thank you. This rotation will go to the official opposition.

Mr. O'Toole: Thank you very much, Professor, or Doctor, I guess.

Dr. George: Peter.

Mr. O'Toole: Peter. I appreciate the emphasis you put on the value-added component of a post-secondary, knowledge-based economy. I find that I would agree.

I just want to put on the record that in my riding of Durham, I was privileged to attend a presentation at the University of Ontario Institute of Technology by a professor who was working collaboratively with Waterloo, and perhaps with McMaster and other universities, in a research project dealing with fuel cells. They have pursued and are trying to find R&D focuses, and one of theirs is certainly the energy file. The Premier's excellence awards and other rewards or incentives for the commercialization of this R&D are extremely important. I'd encourage the government in their budget not to cut back on those areas but indeed to invest.

I want to put to you basically two questions that are a little bit outside the box—and I don't want to misdirect you—on the importance of what you've said here on innovation. The centres of excellence—they've just announced another centre dealing with energy. The centres of excellence in academics—I recruited for a large company for about 10 years. McMaster has one of the top programs in engineering; engineering management at McMaster is a widely respected program. The University of Toronto, Queen's, Western, Waterloo, probably McMaster and maybe even others are well recognized as sort of being tier-one universities—not to discredit the others. My first question is, would you treat what I would call these centres of excellence with different benchmarks when it comes to funding? That's really the issue. There's the operating issue, and then there's research and grant monies which go to special initiatives.

I've heard and watched for a long time: In biomedical, you're very heavily involved with Hamilton Health Sciences; your teaching faculty is well regarded, certainly in family medicine. These are also centres of excellence that are a coexistence of the health community, workers and researchers, along with the university on the academic side of it. They should be funded by the federal government, not just in the pharmaceutical area, because they provide a value infrastructure for all of

Canada, and perhaps the world. They build infrastructure themselves, in the pharmaceutical sector as well as new appliances and electronic equipment. Teaching hospitals themselves, like Sick Kids, McMaster, the London Health Sciences Centre here and the University of Ottawa Heart Institute, treat people from across Canada for special kinds of things, as they should. The question is, shouldn't those centres of health excellence be funded by the federal government?

Those are the two areas I'd like you to respond to that aren't exactly in the normal script.

Dr. George: Thank you for your positive comments about my university. I appreciate that.

Treating centres of excellence differently: I think the key issue here is the provision of the full cost of research. There is no doubt that research-intensive universities, until recently, were quite disadvantaged under the current funding systems. But in the late 1990s, the federal government and then the provincial government began to contribute toward the indirect costs of research, which enabled universities to be much closer to a position of having funding for the full cost of research. As long as the full costs of research are provided by a combination of federal and provincial sources, the research-intensive universities will not be disadvantaged and will be able to expand their research activities into areas of provincial and national priority. I would say the key issue there is funding the full cost of research for research-intensive universities.

Mr. O'Toole: Would some of that be part of the commercialization bridge between the academic research component and the application side? I was involved in that a little bit.

Dr. George: Let me just follow up, because I think there are two dimensions to this. The first is, how do you allocate research funds? I think the emphasis on allocating to excellence determined by peer review is still by far the most important mechanism for allocating research funds. There are a lot of political pressures, I know, to shore up some universities. Smaller universities will argue for a level playing field and so forth. But I think the key to the future development of R&D in this country is to support excellence and support the full cost of funding that excellence.

Second, on commercialization, there has been a major change in direction over the past 25 years or so. Twenty-five years ago, not many professors were interested in the commercial applicability of their research. Now our professors, including the young ones just coming into the university system, are very keen on pursuing the full spectrum of research. Their interest in commercialization is palpable. I think it's something that's quite exciting. That's why I mentioned particularly our planned industrial research and innovation park. It will allow those individuals to go to that next stage, to the research incubator capacity, to commercialize their developments for applied research and technology. I think the more research-intensive universities that can develop those kinds of applied research parks, innovation parks, the better off we will be in promoting investment in knowl-

edge-intensive industry. Then our graduates from both our honours and our graduate programs will become the human resource personnel needed to make those world-class industries.

The Chair: Thanks for your presentation this afternoon.

Dr. George: Thank you. Sorry I didn't get to answer your question on the medical centre.

1540

CANADA'S RESEARCH-BASED PHARMACEUTICAL COMPANIES

The Chair: I would call on Canada's Research-Based Pharmaceutical Companies to come forward.

Mr. Wilkinson: Mr Chair, on a point of order: It's my understanding that the Ontario Pharmacists' Association did submit to present in front of this committee. They weren't selected, but they did request before the deadline. I would ask for all-party support that if time is available on Thursday in Whitby and it doesn't take away from anyone else who has agreed to come, they be allowed to present.

The Chair: Do we have unanimous consent? Agreed, if there is an opening.

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

Mr. Geoffrey Mitchinson: Thank you very much, Mr. Chairman and members of the committee. My name is Geoff Mitchinson. I'm vice-president of public affairs at GlaxoSmithKline, and I'm accompanied by Zenek Dybka, who is director of Ontario relations for Canada's Research-Based Pharmaceutical Companies. Today we are representing Canada's Research-Based Pharmaceutical Companies with respect to your pre-budget deliberations.

We've handed out a detailed summary of our recommendations, so I will touch on the high points in the time allotted.

Our point of view is that we're at a significant crossroads with respect to the Ontario drug benefit plan and the role which that plan plays not only in helping Ontario patients but also as an engine of significant economic growth in the province. The gist of our presentation is that the money spent on the Ontario drug benefit plan is one of the best expenditures you can make within health care, for two simple reasons: It has the greatest impact on patients, and it has an ancillary and significant impact on the economic well-being of the province. Let me examine those two issues in brief.

Over the last 20 years, we've had what I would call a silent revolution in health care technology and the benefit that's had on patients. As an example, death from respiratory illnesses has dropped 64%, heart attack deaths are down 57%, and death from AIDS in Canada has dropped from 1,600 a year in 1996 to 53 last year. In every one of those instances, you can identify that relative to the introduction of a new technology, typically

a pharmaceutical technology. In terms of hospitalization, which is one of the more expensive ways to treat patients, ulcer admissions are down 75%, diabetes admissions down 44%, respiratory disease down 44%, and HIV/AIDS down 42%.

In effect, new technologies have permitted two things: (1) longer, better quality of life, and (2) reduced admissions into hospitals, which are enormously expensive. I don't know the last time anybody would have heard of somebody entering the hospital for treatment of an ulcer. It's very rare nowadays. In fact, what used to cost \$700 now costs about \$20 a year.

In terms of heart attacks, at least when I was growing up—and I don't like to think of myself as that old—if you had a heart attack, you were basically in the hospital and there were high hopes you might recover. If you did, you probably went home and you led a somewhat restricted life from there on in. Now it's highly likely, if you have a heart attack—if you do at all—that you will lead a productive and dynamic life ahead, again with the introduction of new technologies.

We've seen this revolution sweep across the health care system over the last 20 years, largely based on the advancements in medicine and in pharmaceuticals, and 90% of those discoveries came from the research-based pharmaceutical industry. But the story really doesn't stop there, because in terms of Ontario, our industry has a significant economic presence.

In fact, there are 29 member companies with head offices in the province and we employ 9,000 people. In 2003, we invested \$537 million in research and development. That research and development is recorded through PMPRB, which is the Ottawa-based oversight group that looks at pharmaceutical research and development. That is the equivalent of one auto plant every two years. Dr. George has referred to McMaster's new biotechnology campus and the many others. That's largely where this type of investment goes: to fund clinical research, start-ups of new biotech companies, and Ontario-based introductions of new technologies, including investments in the Discovery District in downtown Toronto. Really, we have a duality of issues and opportunities here. One, investment in new technologies gives patients greater quality of life, greater benefit, and helps reduce costs in other parts of the health care system, and at the same time it helps generate and drive a dynamic biotechnology/pharmaceutical industry in the province of Ontario.

As an aside, and we highlight this in our document, a dollar invested in newer medicines tends to save \$6 to \$8 in other parts of the health care system. About two thirds of that saving comes in the form of reduced hospital costs, and about one third around physicians. In reality, we can derive much greater utilization of the system through investment in new technologies, as it does reduce costs in these more expensive ends of the system.

As it relates to the Ontario drug benefit plan, we feel there has been a tremendous amount of criticism of it, and probably pressure put on it in terms of whether it's growing at the right rate and how much should be

invested in it. Just to set the record straight, the Ontario drug benefit program represents 10% of the overall Ontario health care budget, and the actual patented drug component of that is 6.5%. The remainder are generic drugs and the costs of distribution and pharmacists' fees. The Ontario drug benefit plan is growing largely because of the fact that those technologies and prescription medicines are actually displacing other services, as I've previously indicated, be those hospital or physician. In fact, the actual prices of pharmaceuticals dropped about 1.1% in 2003. The growth in the drug plan is largely related to increased utilization of new medicines.

So what we would look at is a careful examination of the Ontario drug benefit program, where to make additional, selective investments to improve health care of Ontarians, to help improve the economy in the province through the continued growth of the R&D base, and to seriously look at the time it takes for new innovations to make their way into the province. Right now, Ontario takes an average of 500 days after the approval of a product to make a decision on a new therapeutic entity. There is often very little reason why that has any benefit either to the province or in fact to patients.

Let me simply close by saying that we have discussed with various governments of all political persuasions the opportunity to radically increase the investment of our industry in R&D in the province and to help figure out how to make the Ontario drug benefit plan the most efficient it can possibly be so that we have rapid introduction of new technologies, as well as the benefit that provides to Ontario's patients.

The Chair: Thank you for your presentation. In this rotation we go to the NDP.

Mr. Prue: I probably didn't catch the financial implication of all of this, other than that you are looking for perhaps some kind of tax incentive to further expand the industry in Ontario. I understood that. But in terms of the rest, you've made a telling point, I think, in terms of why the drug costs are going up: because they're displacing other medical methods. But I find it a rather strange presentation to make to a budget and finance committee. Have you made similar presentations to the Ministry of Health, where it seems that would be far more logical than here?

Mr. Mitchinson: We certainly have. A couple of points: We're actually not looking for a tax incentive, just to be clear. The reality is that the Ontario drug benefit plan will be growing because there is an advent of new technologies. We're simply suggesting that an efficient, rapid introduction of new technologies and working with the industry to increase R&D investment in the province is just a prudent way to use your procurement money.

When it comes to the finance side of it, we're in front of this committee because the finance committee ultimately, in the preparation of the budget, decides what the Ministry of Health can effectively do. We want to ensure that there is an education and understanding that as budget advisers you can invest more in hospitals, you can invest in physicians and you can invest in pharma-

ceuticals; we would simply argue that the investment in new technologies has yielded tremendous benefit to the province and to patients.

Mr. Prue: You did make a statement in here—it's rather long, and you said much less than what's in this document—about the 500 days for research and development. That's what it is now. How much did you want to cut it down to?

Mr. Mitchinson: In terms of the 500 days for review by the Ontario drug benefit plan, I guess we would argue it probably should really be zero days in the sense that Health Canada has already approved a product when it arrives on the market. Much of the data, in terms of the economic value of the product, are already established. The question is what the benefit of that almost-two-years subsequent review within the Ontario drug benefit plan is really yielding to the province and to patients. I guess the short answer is that it probably should be relatively few, if not zero, days, but certainly a year-and-a-half waiting time we would view as unacceptable.

Mr. Prue: You make a compelling case. We have seen other statistics from other presenters in terms of how long it takes to get a new drug on to the market, and it looks like it's about 10 years or so. You're not looking to any additional cuts in there, or are you? You're just looking at the very last stage.

Mr. Mitchinson: Yes; in fact, that is what the Ontario government has control over. If I were to take the economic side of that argument, as Dr. George and I'm sure other university presidents referred to, the reality is that to establish a vibrant biotechnology base in the province, particularly in companies where their burn rate of capital is incredibly important to them, you actually do need to be in a position to rapidly bring products through the research cycle, through the approval process, and then actually create a market for them through approval in programs like the Ontario drug benefit plan. So I could argue there's an interest on both sides of that, but right now you have control, as a committee and a government, over the time for listing.

1550

Mr. Prue: If that 500 days was eliminated or squeezed down to maybe 100 days or less, would that allow you to sell the drugs, once they're on the market, for less money? It's a whole year or year and a half of waiting around, which must cost the pharmaceutical companies an enormous amount of money if they're ready to go.

Mr. Mitchinson: Actually, no. Right now, the price is established through a mechanism in Ottawa which basically sets the rate. What it would allow us to do—and what we're talking to the government about is whether or not we could create a much more dynamic investment base in the province. We believe that Ontario should be seeing investment of between \$1 billion to \$2 billion in research and development per year, as opposed to the \$537 million right now. By creating a vibrant market in the province, we believe that that is achievable, and we'd like to work toward doing that.

The Chair: Thank you for your presentation.

Mr. Colle: On a point of order, Mr. Chair: I would like research to request that the Ministry of Health explain why it takes 500 days, on average, to list these products. You could make that request. It's on page 5 of the presentation.

Mr. O'Toole: On a point of order, Mr. Chair: I would move that the Minister of Health work with the federal drug quality and therapeutics committee on streamlining the drug approval process. This would enhance access to more efficient and effective drugs while eliminating the duplication between the federal and provincial drug approval processes, getting drugs on to the Ontario drug formulary sooner and improving patient outcomes.

The Chair: Thank you. If you would both put that in writing for the researcher, it would be a help.

Mr. Colle: On a point of order, Mr. Chair: I move that after the next speaker Mr. Paul Collins, president and CEO of St. Thomas-Elgin General Hospital, be allowed to make a presentation.

The Chair: For 10 minutes?

Mr. Colle: For 10 minutes.

The Chair: Do we have consent? Agreed.

SUSAN SMITH

The Chair: I call on Susan Smith to come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes for questions. I would ask you to state your name for the purposes of our recording Hansard. You may begin.

Ms. Susan Smith: I'm Susan Smith. I want to thank the committee very much for your indulgence to let me present today. I very much appreciate it. The Chair should know that I didn't get here today on a school bus, but I would feel safer today getting here on a school bus than I have in the past, and that is to the credit of the Chair and some of the legislation you got passed as a private member.

The documentation that I brought references—I'll talk a little bit about the city of London budget, but just in the context of the sentiment that's percolating up from the grassroots. My presentation will vary drastically from what was presented this morning by the deputy mayor of the city of London, however.

Just to back up a bit, the signature of this government might be a number of things. I would like to suggest that you do not want it to be the 48-hour workweek as of right. I think that is falsely competitive with other jurisdictions, and I believe it's an error that I hope gets changed before the end of your term. I have no doubt that a subsequent government at Queen's Park, a minority government, would remove that. It was passed last December.

However, I do want to give credit where credit is due. There's an old Chinese proverb: The superior, exemplary physician prevents illness; the mediocre physician begins to recognize illness and treat it right away; the lesser physician treats illness.

I believe that the hallmark of your government can be that you are setting Ontario on a different route for health and wellness, and I applaud you for that.

There's a number of things specifically in the area of community care I wanted to address. It's quite specific. You have appointed Elinor Caplan as one of your consultants to do some work for you, and I would strongly suggest the suggestion of the pension plan accessibility into HOOPP for all contracted employees with the community care access centres. I think it is really important that all providers all along the continuum of health care have that for job security.

Locally, the CCAC has a 25% turnover in staff of the various contract organizations that have employees, and that's not really good enough, given that this is the next step-down care right out of the hospital. Our local CCAC does a tremendous job among the different organizations that are contracted to CCAC. They have a lot of collegiality among the wound care specialist teams.

I was one of two members of the public who attended when Ms. Caplan had her consultation here. She asked really good questions, but one of the things that appeared to unanimously come out of it, just at the consultation level, was that all employees, whether professional therapists or home care workers, get 100% continuity of benefits as well as eligibility in the pension plan. So I think that's one of the ways to look forward in health care.

I know Mr. Smitherman is really sincere. Somebody should tell him, though, that Bob Rae's hair turned white about 1986, and that was when the Liberals had a minority government and subsequently formed a majority government. So he is to be applauded for his anti-tobacco initiatives and anti-smoking initiatives, because I think that, literally, health and wellness can be the signature of this government, should you choose to persevere.

On the issue of energy and electricity, I'm suggesting you prepare a reserve fund to purchase excess electricity generated by green power producers. However, there's a policy flaw which derogates to the local electricity distribution company to decide if it wants to permit net metering for any project or utility facility that produces up to 50 kilowatts of power—I believe January 4 was the date of the regulation—and I think it's time to reward those who want to clean up our air and increase Ontario's supply of clean green energy.

However, London's situation is that, a few years out, we may end up having to sell our local utility. Right now, the municipality is the sole shareholder, and the way the finances are being managed for the city, it may be that the only politically appealing choice a few years out—given that there are a lot of 20-year debentures out there, as well as 10-year debentures on city borrowing—would be to sell the utility.

I did quite a bit of running around today, actually, and got the agenda for this coming Wednesday board of control. The board of control—and sure, institute one with the city of Toronto; it can't hurt anybody—has London Hydro coming before it as a scheduled appointment this coming Wednesday at 11 in the morning. They're

presenting their business perspective. So I'll leave a copy of that with you.

But today at the committee of adjustment with the city, a lawyer for a property explained that the severance that he was going for, and a minor variance at the committee of adjustment, was to sell the public utility some more parking space. I checked with the city's appointee, who is on the utility board, who says that that did not come before the board as a capital purchase at any of the recent board meetings.

So I guess my concern is that I still look to the province to have it play a regulatory role, that electricity is something that, really, in Ontario, most of us don't choose to live without and that it needs to be affordable in a continuous loop of affordability.

1600

I'll certainly commend you. Please do not lower tax rates. If you ever consider changing the tax regime, don't consider lowering income taxes. You can work toward lowering the provincial retail sales tax, and there may be entities such as municipalities—I suppose that's the one thing I could agree on with Deputy Mayor Gosnell this morning, making that available for municipalities. Because the money is spent locally, you see this continuous Möbius loop of the money being reused locally, so there isn't a huge net loss to the province of that income.

There's one other area I would like to ask you to consider spending money on. The Report from the Frontlines on Legislative and Policy Reform to Protect Children gave some excellent recommendations. I appreciate that this goes across different lines of jurisdiction, both provincially and federally, but the recommendations were very solid about supporting victims of crime, everything from creating new appointment processes for judges, supporting granting courts the power to keep child abusers with a longer-term permanent offender designation, and minimum mandatory jail time for criminal voyeurism. It was a good report. I don't have to reiterate it, but I would ask you to consider making sure that you put the appropriate money into that, where it is your jurisdiction to do so.

I don't know if you'd consider this the jurisdiction of the budget committee, but I'm encouraging you to institute in Ontario lowering the voting age to 16. I think it's really important that citizens are brought on stream very early on. The potential here in Ontario, the human resources, is very great. We really miss an opportunity to engage young people in the political process.

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

Ms. Smith: Thank you. Finally, in this term of office, not in any year, do not consider raising your remuneration. Please do not consider raising any of the funds that are in the parliamentary precinct for your use. That is not appropriate while other people are having difficult times in Ontario. Frankly, labour legislation in this province that doesn't cover farm workers, that doesn't cover mushroom farm workers—I appreciate there is probably not—

Mr. Colle: It doesn't cover MPPs either.

Ms. Smith: It doesn't cover legal secretaries either. A reading of the legislation decades ago certainly revealed it to be rather eclectic and just an arbitrary list of workers.

Give Mr. Smitherman some credit for doing a good job. People shouldn't be talking about doctors; we mean physicians. But he's definitely going in the right direction with requiring practices to be complementary, collegial with nurse practitioners; it's a good way to spend money.

Those are my comments. Thank you for your time.

The Chair: Thank you. The questioning goes to the government.

Mr. Wilkinson: Thank you for coming in, Susan. You know, we have all these different associations that come to see us. We have two weeks of this, and it's just great to have a regular citizen come and talk to us. We really appreciate that. Obviously, from the research you've done, you go to a lot of meetings and kind of keep tabs on quite a few things, and we appreciate that.

We will pass along your sentiments to George Smitherman. I'm sure he'll appreciate that. For him, some days are better than others, so hopefully that will take a tough day and make it that much better.

Just to recap, your comments about Elinor Caplan's review that has been ongoing and your suggestion that all providers covered by CCAC be available under the HOOPP plan or be able to contribute, we appreciate that. The only thing is that the anti-smoking—some people came to see us today about how they wish we weren't doing that, but I think the vast majority of Ontarians are very happy that we're doing that.

I asked you a question about the energy part. A couple of things: First of all, do you have the source for that children's report you talked about? That would help us. You spoke very highly of that. I just need to know whether it's provincial or federal.

Ms. Smith: Yes, and actually the energy piece too. I think right now the green credits and being able to buy back in or put it back on the grid, the first producers in seem to not have to get exempted from the bundled costs and I'm not sure I support that. The bundled costs are there, something that we have to pay for. We have to pay for it sooner rather than later. I'm looking at it from two sides. Keep the costs down—why are we paying for employee parking, capital costs of purchasing land for employee parking for a utility?—but at the same time, yes, the bundled costs are there, they're real. We want to eliminate the coal plants and I think that's a priority.

I'm sorry; your other question? Oh, the citation for the—

Mr. Wilkinson: If you can't find it right away, you'll just have to tell the clerk—

Ms. Smith: It's called Martin's Hope: Report From the Frontlines on Legislative and Policy Reform to Protect Our Children. Martin's Hope is the subtitle of it. Martin Kruse was cited. He was a victim of youth sexual abuse at Maple Leaf Gardens.

The other piece, on CCAC, is the continuity of benefits as a community care access centre sometimes

goes with the Saint Elizabeth society or VON and then there's a contract renewal. In London we have such a large organization, London-Middlesex, that a different provider may get the next contract. Now, the workers are generally picked up, but there's really not a reason for people on the front line of health care missing the opportunity of being covered full-time for benefits. So the continuity of drug benefit coverage, should that be there—and, dare I say, I'm possibly speaking about predominantly female employees as opposed to male employees, and possibly more part-time employees than people who are salaried with a whatever-hour workweek. In that context of the changes made with the labour legislation for 48 hours, that's part of why I picked that to highlight.

Thanks for your time.

The Chair: Thank you for your presentation.

Mr. Colle: Susan, for next year, don't go to all this trouble. We appreciate all the work you do, so you don't have to give us all—I think what you've just said is sufficient. You can give us a little bit of background.

Ms. Smith: Do you know what? The background is actually Gloria McGinn-McTeer's presentation on the city budget, and I never miss an opportunity to promote other people who have really great ideas, both as generalists and—it really is the most cogent précis you will see. So I would suggest balancing her presentation with what you heard this morning from senior paid staff.

ST. THOMAS-ELGIN GENERAL HOSPITAL

The Chair: Now, by agreement, we'll have Mr. Paul Collins come forward. Good afternoon. You've been very patient, and it paid off. We'll be glad to hear your presentation. You have 10 minutes, and I would just ask that you state your name for the purposes of Hansard.

Mr. Paul Collins: Thank you, Mr. Chair. My name is Paul Collins. I'm the CEO of the St. Thomas-Elgin General Hospital, a full-service community hospital about 20 minutes south down the highway servicing St. Thomas and Elgin county citizens. I do wish to thank you, Mr. Chair, and the committee for indulging my passion to speak. I recognize that I'm probably keeping you overtime, and I appreciate that very much. I do want to talk about health care, obviously. I don't have copies of my presentation, but I will make a formal submission so that you'll have that as well.

There is a crisis in health care, but I'd like to take a slightly different tack than the crisis that's commonly talked about, which is the financial one dealing with deficits, the appropriation of funding, capital infrastructure. All those things are difficult issues and I certainly applaud this government and Minister Smitherman for the work they are doing to address these issues. They are complex and difficult, and hospitals in particular are certainly complicated elements within the broader system.

1610

The crisis I'm talking about, though, is a crisis of spirit in health care, which I believe has been building for well

over 20 years through successive governments, which have all grappled with the intention and the spirit of the Canada Health Act. Here I speak specifically of the spirit of the caregivers. I would like to talk about turning the attention of the health care system on itself and on the caregivers themselves.

My question is, who is caring for the caregivers? Who is healing those caregivers? We have had a great emphasis on costs, reduction in beds, the erosion of resources to deliver care, the erosion of available human resources, including disciplines such as pharmacists, doctors—you name it. But there has been a huge cost associated with these interventions. Probably the most serious, I think, is the loss of engaged minds in creative solutions. There are the costs of sick time, of safety. And probably the biggest is the issue of recruitment and retention, the human resource base upon which our health care system in this province and indeed across the country depends so heavily.

The minister's transformation agenda is one that's supported by the OHA and indeed supported by myself, the members of the board of our hospital and our hospital. It contains 14 items for change which are all laudable and are intended to leverage sustainability, affordability and accessibility for the future. However laudable these transformational interventions, they are not addressing the very fundamental issue of the caregivers themselves. Health care is a people business: 75% to 80% of our expenditures at the hospital are obviously spent on people, not on supplies or technology but on the people who deliver the care and who support that care.

Research from around the world and practical application of that research in leading organizations—primarily the private sector—has demonstrated that when employers build with their employees a culture that is engaging, involving and adaptive to employee needs and values, the effect includes significant financial performance improvements and remarkable employee retention and recruitment. In hospitals, similar research has confirmed a high correlation between an engaged hospital workforce and patient satisfaction. Our hospital system is engaged in a financial struggle where a significant gap exists between what the Ministry of Health provides and what Ontario hospitals believe are the actual costs of delivering services.

At our hospital in St. Thomas, that gap is about \$7 million; it's significant and one which we cannot close by March 31, 2006, without a significant loss of service, employees and medical staff. However, we have been employing efficiency strategies and working with our people to do so over the years, and we will continue to find value for money on an ongoing basis. But we have now come to the realization that that work is severely compromised by the culture of our work environment. For the last eight months, we have been engaged in a process to transform that culture in a belief that, if done well, that transformed culture will yield positive results in creativity, financial performance and recruitment/retention initiatives. Health care is one of the great

humanitarian vocations and attracts the kind of people you would expect. They value accountability, teamwork, integrity, honesty, family. These are the people whom our hospital in St. Thomas has attracted for over 50 years.

When we conducted a survey of our employees around their values, the values of the organization and the values they desired, our employees and medical staff did not see the values that they bring to the workplace being reflected in their workplace. Our task—and I take full responsibility for that in our hospital—is to create with them a new work environment, a culture that they desire. We are very early in this process but already it has engendered the beginnings of a new kind of dialogue about effective relationships that we have not experienced before. What we learned about our existing culture is not flattering; however, in discussion with others in the hospital industry, our cultural experience is more common than uncommon. At a time when our financial and human resource issues seem almost intractable, it is time for creativity.

We at STEGH believe that a balance between appropriate funding levels and creating new, vibrant, robust work environments at our hospitals are both key to sustainability. We believe that Ontario can take a leadership position as a top magnet health care system that can attract and retain the best of Canada's and the world's health care professionals. STEGH and a few other hospitals in Ontario are engaged in cultural transformation activities that can have enormous multiple benefits for the system if the knowledge gained and the methods can be transferred throughout the system and indeed across the entire public service sector.

I would like to recommend to the committee that, in your budget formulation, the consideration of active support and incentives for incubators of cultural transformation in workplaces be undertaken, and that there be financial incentives across the health care system and indeed across the public sector for those who can transfer these successful methods into their workplaces. The appropriate level of funding for hospital services will be a conundrum which will no doubt be with us even long after your current government mandate is complete. Similarly, so will the efforts to create world-class employer of choice, quality hospital work environments.

Just a couple of quotes from Ontario's Minister of Health, George Smitherman:

Ontario's health care transformation "must begin with a new way of thinking and behaving.

"It must be allowed—and should be encouraged—to permeate the culture and daily routines of every health care institution....

"Cultural change will require from all of us a genuine desire to rise above self-interest and build a mature relationship with each other, for the patient."

Thank you very much for the opportunity to present.

The Chair: Thank you for your presentation.

Mr. O'Toole: On a point of order, Mr Chair: I have a motion to the Minister of Finance and to the Minister of Health:

That the Minister of Health and Long-Term Care's announcement of \$200 million today, January 17, be distributed to hospitals on a fair, population-based formula;

Furthermore, that the new Liberal health tax of over \$2.5 billion per year not be used to fund severance agreements to cut front-line health care workers and other services in our hospitals; and

That the Minister of Health admit his wrong-headed, mandatory balanced budgets for hospitals have failed and

this \$200-million announcement is clear evidence of this failure to manage the health care system in Ontario.

I ask for a report from the Minister of Health on how he can justify this reversal of decision.

The Chair: Thank you.

This committee is adjourned.

The committed adjourned at 1617.

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