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## **Official Report of Debates (Hansard)**

**Tuesday 15 November 2005**

## **Journal des débats (Hansard)**

**Mardi 15 novembre 2005**

**Standing committee on  
estimates**

Ministry of Education

**Comité permanent des  
budgets des dépenses**

Ministère de l'Éducation

Chair: Cameron Jackson  
Clerk: Trevor Day

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 15 November 2005

Mardi 15 novembre 2005

*The committee met at 1558 in room 151.*

## MINISTRY OF EDUCATION

**The Chair (Mr. Cameron Jackson):** I'd like to call to order the standing committee on estimates. I'm very pleased to welcome the Minister of Education, Gerard Kennedy. It's our intention to complete our estimates on education today and have our votes a few moments before 6 o'clock.

When last in the rotation, Mr. Marchese had seven minutes left. I wanted to make sure that I honoured that for you, Rosario. So we're in your hands.

**Mr. Rosario Marchese (Trinity-Spadina):** Thank you.

**The Chair:** Pardon me. Before I do that: Minister, do you have any additional information that your staff came prepared with with respect to any of the questions that you could circulate at this point?

**Hon. Gerard Kennedy (Minister of Education):** I don't think so, Mr. Chair. There is other information coming. It may come today before we're done.

**The Chair:** Thank you very much. Mr. Marchese, we're in your hands.

**Mr. Marchese:** Welcome, Minister and staff, back to this committee. The last time we met in estimates I asked you to supply us with a board-by-board list of your spending on the capital expenditures under the stage one initiative, and you agreed. Can you also provide us a list of expenditures per school for this stage one initiative?

**Hon. Mr. Kennedy:** I believe that we will be able to do that. It is the choice of the board. I think I explained last time. We gave kind of a quick-start approval to boards. They had to give us assurances that they had plans. We didn't have to go through their detailed plans in advance because we already knew which specific schools and which specific projects, called "events," things that were wrong in the buildings, needed to be fixed. They just had to pick from a list. As long as they were using that list of high and urgent needs, they could go ahead. But we do get a report, when it is spent, of what they are doing. Because the year is just underway, I'd have to check to see if we have the schools'—we certainly have the boards' allocations.

**Mr. Marchese:** Right. OK. I'm assuming you will have the list of schools as well. So, if you have it—

**Hon. Mr. Kennedy:** All I can give you right now—again, the answer to the question is, yes, we will have,

but we don't have at this moment, because the projects are still ongoing and some schools in fact are still lining up some of their projects.

**Mr. Marchese:** I recall that you said that \$450 million or so probably has been allocated.

**Hon. Mr. Kennedy:** I believe that is the amount that was allocated earlier.

**Mr. Marchese:** Right. And that would have gone to boards and presumably a lot of the schools.

**Hon. Mr. Kennedy:** As you know, we fund each of the boards, and the boards are then addressing the projects in the schools. We do have a list available—it's on our Web site; we also have it here today—of needs by school and so on, but I think you're asking for how much was spent at each specific school site.

**Mr. Marchese:** That's right.

**Hon. Mr. Kennedy:** That, I believe, will be available either later in the year as a plan or at the end of the year as a confirmation of the money that was spent. The other specific board-by-board allocations so far, we can get for you.

**Mr. Marchese:** When it does become available, would you please send us that information? Yes?

**Hon. Mr. Kennedy:** Yes, certainly.

**Mr. Marchese:** Thank you. How long will boards have to wait to receive the remaining \$3 billion for repairs and renewal? Just as a reminder, Minister, remember that these needs were identified as far back as 2003. The question is, what timetable does the government have for the repair of crumbling schools, given that so many of these kids are still in them?

**Hon. Mr. Kennedy:** I think you'd agree, Mr. Marchese, that this is a very aggressive timetable. Some of the studies were still being finished in 2004 for some of the schools. There were more repairs being done in the last 18 months than were done in the last 10 years. Boards have got their first \$1 billion worth of general authorization. Specific projects are being approved, and boards are submitting. It was a little too much for boards to handle in some areas of the province, to be able to do that much. It was approximately four to five times as much as they would have in an ordinary year, and sometimes even more than that. We did put a very strong stricture on boards: This has to be money well spent. There are still boards being eligible for this year for the first \$1 billion. On December 16 of this year, boards will submit a capital plan. In the capital plan, they will indi-

cate their intent for the next \$1 billion worth of repairs; also for approximately \$780 million—almost \$1 billion—for replacement of schools; about 120 schools being replaced.

There is also an additional \$1 billion that we're trying to help boards to spend, to do with new needs. I'll ask the assistant deputy to give me a number for how much we're supporting this year for things like student success, class size and so on. I know we're supporting it with \$36 million per year, but the actual amount of entitlement that that provides, I'd have to get for you.

In other words, that is available this year. We're doing that on a board-by-board basis. The other money will be approved after the capital plans are filed on December 16. I can't tell you when the first of those would be approved. We'd hope to turn them around fairly quickly, early in the new year.

**Mr. Marchese:** Because the 2003 plan was very detailed and all the boards listed all of their total renewal needs, as I'm looking at it—the summary of annual allocations—it all amounted to \$4.5 billion. The study that was done in 2003 seems pretty detailed. Do you agree that's detailed, or do we still need some studies, as you indicated?

**Hon. Mr. Kennedy:** No, no studies are being done. The list that you have in front of you, I believe, is a projection. It includes five years' worth of needs. It says what things were like in 2003, what the needs are in 2004, right out to 2006-07—what is anticipated to be needed. What we're funding is the needs that exist today, and in that list you have there's a subset called high and urgent needs. So, for example, that would have a roof replaced before you paved a parking lot, and so on. So there's a hierarchy established by the company that did this. This was a company authorized under the previous government. It assessed every building. Indeed, it's detailed. It comes down to that level.

**Mr. Marchese:** Yes, I thought it was.

When we called your ministry to get some information on this, because we were asking when boards were likely to expect those remaining dollars that you announced of the \$250 million—

**Hon. Mr. Kennedy:** Sorry, Mr. Marchese: \$250 million?

**Mr. Marchese:** Yes, \$250 million that you announced to be able to generate, to leverage \$3 billion worth of capital expenditures. You have spent \$75 million for the first phase, which generated whatever capital spending dollars.

**Hon. Mr. Kennedy:** Just to be really clear, the financing cost for this year will be much lower because we're using some short-term financing that will be much less expensive, but the ongoing cost will be that \$75 million, and then \$150 million per year, for the repairs under the Good Places to Learn. That will leverage us the \$2 billion.

**Mr. Marchese:** So this \$75 million you are spending is likely to continue to take us to next year?

**Hon. Mr. Kennedy:** No. It's really important to understand that this is a system set up by the previous

government. I have to say, it's a potentially expensive way of financing, and we're looking at ways—in fact, I think we have found some ways—to cut the cost, but right now it exists like a 25-year mortgage. The \$75 million is the first year of the mortgage payment. So another \$75 million has to be paid next year, and so on and so forth. If we find a way to finance it less in the short term, we don't save money next year when the full financing comes into play. We'll be paying \$75 million.

**Mr. Marchese:** Every year?

**Hon. Mr. Kennedy:** Every year for 25 years under that plan.

**Mr. Marchese:** Under that plan. So the \$250 million you announced a year ago when I came to your press conference—this \$75 million to leverage under the old plan is part of that, or different, or the same?

**Hon. Mr. Kennedy:** I'm not sure exactly what you're referring to in terms of the \$250 million.

**Mr. Marchese:** The \$250 million you announced was what would leverage \$3 billion and whatever.

**Hon. Mr. Kennedy:** I think what you're referring to is \$280 million.

**Mr. Marchese:** I thought it was \$275 million, but I've been hearing \$250 million ever since.

**Hon. Mr. Kennedy:** That's the annual cost of the total amount of expenditures in terms of the variety of things we just discussed, and I won't take more of your time to repeat it. Essentially that's what gets the total amount of dollars done, but that's the annualized cost. If you like, I can break it down, but there's \$75 million, then an additional \$75 million after the capital plans, about \$50 million per year to build the replacement schools, and another \$80 million for new needs out there, whether it's for class size or for Best Start and so on. Those things are in progress. Some \$36 million of the \$80 million is being allocated this year. We can give it to you in writing and save you the time if you like.

**Mr. Marchese:** Great. Thanks.

**The Chair:** Thank you very much, Mr. Marchese. Mr. Milloy, this was the 13-minute rotation we were completing in this cycle, if you'd like to take that now.

**Mr. John Milloy (Kitchener Centre):** Thank you, Minister, for coming in front of the committee. I wanted to ask you about transportation. It's a big piece of the puzzle for a variety of reasons. Obviously, rising fuel costs are adding a burden to school boards. At the same time, I know you're looking at the whole transportation formula, and I'm hearing good things. I'm also hearing concerns from different school boards on how it's going to play out. I just wondered if you could talk a bit about where you're at in looking at the formula and moving forward.

**Hon. Mr. Kennedy:** Sure. There has never been a funding formula for the education system financing of busing. Some 800,000 students ride the buses every day. The previous government neglected to finish that part of the funding formula. Essentially what they did was lock in the costs of 1997, minus 3%, and that became de facto the amount of money boards received. Especially be-

cause that was also a time of amalgamation, of a lot of changes and shifts within the system, that did not give every board the same opportunity to have the same quality of transportation. So when we came into office, we tried to complete a project that was underway by the previous government to get a formula that would work. We took that formula but, different from the previous government, we didn't want to impose it. Most of the formula that affects students today was imposed by the previous government without wide consultation, without a check on how it would work in the real world. For a year we went and talked to the boards and found out that that formula, fairly complicated, was not going to really fairly reflect. So with a lot of reluctance, we brought that formula back to the shop, if you like, put it back on the hoist, because it does need some more work. I believe, hopefully, it will be simplified in the final generation of that. We are now in the midst of doing that. We are consulting with the folks.

#### 1610

We do want to get a funding formula in place for next year that is going to be transparent. We used the previous formula only as a guideline. So the one we took out did have merits, it did point to some inequities, and we used it as a guideline to give above-average increases to some of the areas that have the greatest pressure.

Our record coming into office is a 10% increase in the first year. That went as high as 12% for some boards—sorry; I think it's about a 7.5% increase the first year and it was as high as 12% for some—and then 5% in the second year. This year, because of the problems finalizing that formula, we were certain to put in at least a cost escalator for the gasoline prices that prevailed at the time we announced the formula in June. That's about 17% of the cost faced by busing operators, and we made sure that the full costs of the increases to that date were incorporated. So our goals there were simply, having addressed some of the worst inequities in the first year, at least as indicated by the formula, we then put in place a fair holding pattern: a 5% increase, above the rate of inflation but reflecting some of the costs that boards and their operators face.

Again, going forward, the formula is hopefully going to really give everyone a clear view of how there is a fair payment for busing, because there's still a variety of services. I will say this: We will support it on the basis of a consortium. In other words, boards have to be at least as efficient. We really do encourage them to share busing services because, by and large, they can do that and maintain a high level of services.

One of the things that the province wouldn't support is competition based on the convenience of busing. We have four systems. They should be there offering different kinds of academic programs, not busing and not, frankly, facility advantages. That's the kind of thing that we're trying to work out as we bring this transportation formula forward.

I hope that by early in the new year we will be able to make the latest version of this transportation formula

public, to put it to another road test and see if indeed this will work. I have confidence that we're making some really good progress in making it simpler and getting it to finally be a fair way of putting dollars out there. Although I think the steps we've taken have made it fairer, it still requires this work that wasn't done in 1997 to get finished.

**Mr. Milloy:** Just to follow up, one of the concerns that I hear, and I'm sure you've heard this, is from the separate school board, which points out that in my riding they have a smaller number of schools. They bring in a larger area. I'm trying to find a word other than "competition," but it sort of becomes that. The local public school might be a short walking distance, and therefore there is this sort of trying to square the circle and allow the Catholic students to have access to the busing because they have to travel farther. You're aware of these issues. Obviously, from what you said, it's something that you're taking into consideration.

**Hon. Mr. Kennedy:** We are. I think there are fewer boards having to spend out of their pockets for transportation, and some in fact that do a little bit better by the formula and are able to apply some of those funds elsewhere. It's very hard to perfectly fit what the board expenditures are going to be, but some of it relates to choices.

We haven't gone to a provincial standard for a variety of reasons. It's easy to sit in Queen's Park the way that the previous government did and just say, "This will be so many kilometres and this will be done this way," but it doesn't then take local circumstances into account. We're trying to find the right balance. We don't want to dictate to local boards, "This is all you can do," but we are certainly giving them direction that, "You are going to have to be working with those other boards." Under that, there should be at least similar rules that they're using as part of a consortium, because that is, by and large, the way that the diversity we have in the Ontario education system can be afforded, frankly.

There are lots and lots of good examples now, since we've declared that direction, of boards working together, saving dollars, and still delivering a very, very high level of service. It's where boards are separate that we still get the conflicts that you're talking about, because they're not under the same kind of management. I think ultimately that's where we're headed. We understand there is some distinctiveness that people want, but that isn't, to us, a valid competition within the education system, and certainly not one that should be borne by the taxpayers.

**Mr. Milloy:** I'm wondering if I can change the subject for a second and talk about EQAO. In my community, I think everyone was pleased with the results. They certainly garnered very large headlines, which is always of interest, on the fact that the results have gone up. At the same time, there have been some criticisms that have said we've changed the tests and made them easier. Just to go on the record, can you explain how these tests have been modified, and do they in fact reflect what's going on in our schools?

**Hon. Mr. Kennedy:** I'm happy to go on the record with that, because it is important for people to know that the EQAO was established by the third party, was put into operation by the Conservative Party when in power, and is an independent testing organization. It determined that it needed to make changes while the Conservatives were in power, and we left the same board of directors in place, including former Conservative education ministers and former members of the Conservative education advisory committee, because we felt it was very important that these decisions get made apart from the government.

Indeed, the decision was made that the same, comparable test—the exact same difficulty, the same reflection of the curriculum—could be accomplished in a shorter period of time; that there had been an excessively long test offered and it took up a lot of time. We didn't think it required 12 hours. This takes six hours to evaluate now. It's two hours per subject. Everyone in the system agrees that that's enough time to tell whether the student has a strong or an excellent grasp of the subject matter. It means less time taken away from the school and exactly the same difficulty for the student.

Again, it was not a decision made by the government, although we're pleased to see that it's less of a burden for these tests. The money we saved went right back into helping students. The sad thing about the testing was that the Conservative government paid \$200 million for it, and no money was really put in to help students do better.

The third party can probably explain for itself, but as I understood, the design of this was to tell you—when you have 4,000 elementary schools, for example—where the needs are, how you match the resources and how you match the strategies to the right places. When you have a provincially funded system, that's what the EQAO results can help you to do, among other things. That's what we've started to use them for. We had increases when the test was the same and now we've had another year of increases—almost identical increases, in fact—now that the test has been modified to make it more efficient. Obviously, to me, it is still a comparable test.

Further, the real point here is that they're the first increases in the last two years. It's really a credit to the system that when they're allowed to focus on student needs, when there's less conflict, when there are resources, when the books are there and when the support and the training is there for the teachers, then indeed they can deliver results. When we came in, the average test scores were 54%. Now, about 62% is the average result there, and that's the percentage of students reaching the provincial standard. It hadn't moved for years. The reading test for grade 3, for example, never moved the whole time that the reading test was brought in, and now it's up five points. It's a result that has everything to do with the efforts that people are making out there. For two years in a row, we've had very similar results, one, when the test was exactly the same as it was before, and two, when it's modified but still comparable.

That should let people know that these results are not the be-all and end-all. There are lots of better ways to

know what's going on when it comes to your classroom and your children, but there is no better way to know across classrooms and across schools what is happening comparably. Therefore, we're using this as one part—just one part—of the guidance for our Every Child program. It allows us to give individualized attention to children, because we can target schools where there are extra struggles, get them the resources, make sure the training is taking place and make sure the principal knows everything he or she needs to know to organize their staff.

Frankly, right now, the signs are encouraging. We have a long way to go, but we're one third of the way to our goal. We've got three school years to get there, and we're very pleased to think that's possible.

**The Chair:** I'd like to recognize Mr. Ramal, who has a question.

**Mr. Khalil Ramal (London-Fanshawe):** How much time do I have?

**The Chair:** Two minutes.

**Mr. Ramal:** We had a meeting last week with the Thames Valley board of education. They appreciate your vision and direction toward education in this province and they see results, but they have a concern about capital funding. They receive their funding at the end of the year, not the beginning of the year, which doesn't give them enough time to forecast planning and how they can spend their money for the whole year. Can you talk about this issue, Minister?

**Hon. Mr. Kennedy:** Well, I'd have to find out a little bit more about what they're referring to, because capital allocations remain known before the school year. So in June, boards would roughly know what their entitlements are. Some boards—and I think Thames Valley is one of them—have some particular situations that they want addressed that are anomalous, and there are some of those that are in between. We made a change in policy. Frankly, it's saving us \$650 million from the previous system and delivering more for that. We're getting more done, because the previous government left in place high interest rates and fairly sloppy accounting, and we're able to pay on time and save money. But that does not impact the boards' planning. The boards are putting forward a plan that was originally for October and now is going to be December, but that will be plenty of time, we believe, for the next school year.

**1620**

It may be that Thames Valley has one or two projects that they'd like to hear about, as to whether they fit into what we call a transition category, the old rules versus the new rules. I can check that for you and get back to you, but I think, having met with them last week myself, that may be the case. It wasn't at the top of their list, but there are a number of places where we're trying to address those needs. Frankly, while we have to have a fair way of allocating, we also have to have a way of taking into account the exceptions that are there around the province. We've been trying to do that within, we think, a much more sound policy framework.

Previously, almost all the money spent on capital went to about 12% of the population, essentially where growth

was taking place. Now our capital is spread out such that 84% of students are benefiting, for example, from our Good Places to Learn program, and that's how it should be. Everyone deserves to be in a good school. So whether it's repairs, replacement of old schools or building new ones in the pocket pressures that exist, those are all part of how we're responding to boards.

I'd be happy to take that up and find out what exactly is happening there, but the assistant deputy tells me it isn't a transition issue. We'll check into that and convey it directly to you in terms of an answer.

**The Chair:** Thank you very much, Minister. Mr. Klees, you have 20 minutes.

**Mr. Frank Klees (Oak Ridges):** Minister, I'd like to pursue the transportation theme with you. As we know, some 800,000 students travel more than 1.9 million kilometres every day to and from school in various school purpose vehicles. The operators of those vehicles: I would think that you would consider that they're a very important stakeholder group of the ministry; is that right?

**Hon. Mr. Kennedy:** Well, certainly we appreciate that the private sector is fully in place. I believe, with only the exception of a few very small operations, that these are all privately owned companies that are providing the services. Certainly, we believe they do a good, high-value service, and they are appreciated.

**Mr. Klees:** Is there any reason why you're not responding to any of their letters? They wrote you letters dated October 27, 2003; December 19, 2003; May 7, 2004; October 1, 2004; October 25, 2004; January 14, 2005; February 22, 2005; July 26, 2005; September 1, 2005; and October 6, 2005. Not one of those letters has been responded to. Is there any reason for that, Minister?

**Hon. Mr. Kennedy:** I guess I have to differ with you. Just for the record, on November 27 there was a session held with our ministry staff to meet with OPSBA. They also met on November 27, 2004; September 27, 2005; and October 27, 2005. I personally met with them on January 12, 2005. My staff also met with them on June 10, 2004, and most recently on November 4, 2005. In other words, we've responded to their letters in person.

**Mr. Klees:** No, Minister. During those meetings—

**Hon. Mr. Kennedy:** I'm just telling you—

**Mr. Klees:** No, let me finish the question.

**Hon. Mr. Kennedy:** If I may—

**Mr. Klees:** No.

**The Chair:** One at a time.

**Hon. Mr. Kennedy:** I'd just like to finish the sentence, just to say that the concerns in the letters were addressed at those meetings to a very large extent. Now, there may still be some dissatisfaction with the answers—that may be true—but to say that we haven't responded is not accurate.

**Mr. Klees:** Minister, here is what the stakeholders are saying. They did have meetings with you. During those meetings, you specifically asked them for information. These were questions that arose out of those meetings, and you asked them to get back to you to clarify matters, to provide you with information. They requested in their

letters a response from you to information that you had requested. Not one letter was responded to in writing by them.

My question to you simply is this: Do you not respect these stakeholders enough to provide them with a written response to their letters?

**Hon. Mr. Kennedy:** Again, I would say to the honourable member that we do respect them, such that we meet with them. We talked to them directly about their concerns. I had a chance to talk informally to some folks. I believe that we are taking into account all of their concerns that—

**Mr. Klees:** You admit that you haven't responded to them in writing?

**Hon. Mr. Kennedy:** With all respect, the main aspect they're looking for is a response from the government, which we're working on.

**Mr. Klees:** No. They've asked for a written response, Minister, and you've refused to provide it. There are stakeholders of your ministry—

**Hon. Mr. Kennedy:** That's not what they're telling me. They're certainly telling me that what they want is a substantive response, not a courtesy letter, and I believe, in general, within government—

**Mr. Klees:** Well, let's move to substantive responses, then.

**Hon. Mr. Kennedy:** If we're meeting them in person, I think that does constitute a substantive response to their concerns, and I would want parents out there to know that's the way we're—

**Mr. Klees:** Let's move to substantive responses, then, Minister. You've advised the stakeholders that transportation grants funding is up for fundamental reform. We're now five and a half months away from the beginning of the fiscal year. When are there going to be consultations with the transportation partners specifically on matters that they raised with you?

Let me give you an example: In light of the wildly fluctuating gas prices and increasing insurance costs, the School Bus Operators' Association proposed a very specific model that would allow for monthly monitoring of costs and a quarterly reconciliation so that boards aren't going to be robbing Peter to pay Paul in their transportation needs, because that is happening now.

You must be aware that school boards are calling the bus industry in and asking them to take a cut in their transportation transfers so that they can support other areas of their programs. Have you responded to this specific initiative that the school bus association is proposing, and if not, why not?

**Hon. Mr. Kennedy:** I have talked to them informally about it. We've increased the funding by \$33 million already this year.

I think you'll appreciate this: It's the private sector; 50% of them have contracts that don't entitle them to increases, and 50% of them have escalators.

**Mr. Klees:** What does the private sector have to do with this?

**Hon. Mr. Kennedy:** Let me say this: If we're going to have—

**Mr. Klees:** Would it be different if they were public sector?

**Hon. Mr. Kennedy:** If you don't mind, Chair—

**The Chair:** Hold it, gentlemen, both of you. We have time today. Let's take the time. If answers are too long, I'll cut them off. That's my job as Chair. Let's allow both of you to speak. Otherwise, I'll have to start cutting off microphones, and then we're not going to spend as much time.

Mr. Klees, state your question again and the minister will be pleased to respond.

**Mr. Klees:** You referred to the private sector. What is the difference? What does it matter whether they're private sector or publicly operated?

**Hon. Mr. Kennedy:** The difference is that they have valid contracts with school boards. Those valid contracts differ from board to board, and some of them are proposing that we give guaranteed contracts. That would eliminate some of the competition that exists. They bid on contracts, they receive the contracts, they estimate their risk, as private business people do, and they determine what kind of price they can offer. That's the competitive part that I think established the bus services, and they're very skilled people. They've found ways to do that.

We acknowledge, and have been and are monitoring closely, the ups and downs of the gasoline price as a particular pressure. We are looking to see what the impact will be. I think you're familiar with the idea of fiduciary responsibility: Except for the most extraordinary circumstances, we can't make payments from the crown that aren't entitled simply because contracts were signed and half of the transportation operators don't have clauses entitling them to dollars either from their board or from any other source. That's part of the issue, and it's exactly on that issue that we've engaged the operators to see what they would propose. There are a lot of small operators out there, and we particularly appreciate their tenacity in providing this service. We appreciate the personalized service they provide. There are also a few larger operators that operate differently. So the one-size solution that's being proposed doesn't fit the private sector contracts that they've bid and won, in some cases. In cases where there are escalator clauses and so on, it's certainly something we are trying to look at to understand the impact. But, as I mentioned, gas prices have gone up. They've come down somewhat, and we are tracking and working closely with the sector to see what impact that is having.

You asked me another question, and I'll quickly give you the answer: No, we're not hearing from boards that this is causing impacts on the rest of the budget, and the operators at least are not saying there is any new effort by boards to take money away from the transportation budget. That's not what I've heard lately.

1630

**Mr. Klees:** Let me clarify: You have not heard from any boards that transportation costs are causing a problem in their budgetary process. Do I hear you correctly?

**Hon. Mr. Kennedy:** Of course we have. We've heard from some boards, those that have escalator clauses, and those that have escalator clauses that aren't protected, because some have clauses in their contracts and they say, "We only have to pay up to this much." Many of them have put provisions in there. Fuel, for example, is about 10% to 12% of the total cost of operating buses. Most of the cost, of course, is in salaries and capital acquisition and so on. That's a pressure, but it's a certain kind of pressure; one proportion. It doesn't automatically mean that we tell everybody to renegotiate the price. We'll see how the year is going, we'll see what the impacts are, but it's those boards that have different kinds of contracts that are looking to us for some relief.

But just to be very clear, I thought what you said before was that some boards were taking money out of transportation, which is different than coming to us for assistance. There are some boards, those that have those kinds of contracts, that are looking to see if there can be assistance. As I mentioned before, we're monitoring the situation closely, working with them, talking to the bus operators, who, by the way, are part of a ministry group. They've met seven times with our transportation review committee, in addition to the meetings with the political staff.

This is an ongoing issue, but as I've asked for their recommendation, I'd be happy to ask for the honourable member's. What would you like us to do? Is it to break the contracts that exist? Give everybody a guaranteed price? That's the nature of some of the proposals. Frankly, it's a question of being taken seriously by the operators. They understand that this is a competitive environment. When should the government become involved and essentially be taking the competitiveness out of some of those contracts? I can tell you that it's not a rhetorical question. We're asking that question quite honestly.

**Mr. Klees:** Minister, you've asked for my opinion. I'm going to suggest to you that the School Bus Operators' Association is actually making a very logical proposal to you, and that is to incorporate into contracts that model that would allow for the monthly monitoring of costs, over which the operators have no control, and to incorporate that quarterly reconciliation of those fluctuating costs. I think that's a reasonable proposal. Private sector or not, I think that's something you should give serious consideration to.

I'd like to talk to you about the declining supervision times that were negotiated with teachers' unions as part of the collective bargaining process. You're aware that as a result of that, there will be an impact on the busing schedules, if there aren't teachers available to provide supervised student arrivals. What, if any, analysis has been done by your ministry on the impacts of that reduced supervision time on busing and schedules for boards and authorities across the province?

**Hon. Mr. Kennedy:** I want to tell you that the implementation of this is taking place, and there will always be some exceptions but it is taking place against conditions.

In other words, boards accepted the targets for supervision for their staff members. Those targets can only be implemented if two conditions are met: One is that there is no compromise at all to the safety of students' supervision in any area of the school's operation, and secondly, that any changes result in no additional costs to the board or to the government. Those are explicit. To the best of my knowledge, they're in all the contracts that were discussed. There are some tensions about how that's being worked out, there are certainly some exceptions, and we have established a provincial stability commission that is now getting up in operation and collecting information about what's taking place.

Essentially, the goal here is to ensure that those conditions are met at all times. Both parties in their collective bargaining agreed to those conditions, and those are now going to be addressed by a province-wide effort that involves—and this is a little bit unique—the school boards, the teacher federations and the government in terms of making sure that this is done properly, without any negative impact.

**Mr. Klees:** So we can provide assurance to the school bus operators in this province that if in fact there is any additional cost to providing school bus transportation as a result of shifts in supervised student arrivals, you as a ministry will keep them whole, you will provide the additional funding or you will step in and ensure that there are no additional costs to providing that busing.

**Hon. Mr. Kennedy:** Again, our commitment to the boards—to the students, fundamentally—is that there won't be additional costs. If that happens to help the school board operators, we're happy to do so.

**Mr. Klees:** How much time do I have left?

**The Chair:** Six minutes.

**Mr. Klees:** I'd like to move on to another issue, and that is what I believe is referred to as the teacher development fund. When you made this announcement at the time that the four-year contracts were signed province-wide, there was a reference made, in all of your backgrounders that we could find, to the fact that there would be a reimbursement of up to \$500 in out-of-pocket training expenses for teachers. At no time was there ever any mention that that \$500 would be extended as well to unionized board employees who are not teachers. We now find that in fact that \$500 bonus is being extended to unionized employees. A spokesperson in your office referred to it as a little something extra. "An added little extra," I believe is the quote. Can you tell us when the decision was made to extend that bonus to all unionized board teachers?

**Hon. Mr. Kennedy:** I can tell you that we didn't extend it through the provincial dialogues, because there haven't been fulsome provincial dialogues around support workers. What we did was respond to school boards. The announcement that you read was completely accurate, because it referred to teacher arrangements and so on. It's a money-saving device, a one-time \$80 million instead of \$360 million. If it had been an increase of one point more, it would have been \$360 million over the life

of the contract, so it was much more economical to do it this way.

**Mr. Klees:** When was the decision made to extend it to board employees?

**Hon. Mr. Kennedy:** At the end of the school year, we responded to the associations representing trustees in the province, and we provided for them a fund, left to their discretion, to be used in the course of bargaining, for a similar one-time payment for those contracts which were open to do with support workers. We let them design how it is modelled to work in terms of training. These are some of our lower-paid workers, and training is essential to them and to the function of the school.

Again, I'll emphasize the same thing: It would cost us four times as much if the settlements were higher, and this was meant to encourage that. But we left the management of this with the school boards, to come up with the best arrangements they could, so that there wouldn't be a feeling of prejudice between one class of workers and another, because the government is trying to be even-handed.

**Mr. Klees:** So you can't tell me when that decision was made to extend it beyond teachers?

**Hon. Mr. Kennedy:** I did mention that. The end of the school year, March 31—in the month of March was when that decision was made.

**Mr. Klees:** Let me ask you another question regarding that \$500 bonus.

**Hon. Mr. Kennedy:** I'm sorry; if I could correct you, it's not a \$500 bonus. We didn't provide that. Some boards are providing it by way of training; some are not. Just to be clear, it's not uniform across the province.

**Mr. Klees:** Where's the money coming from? Is it coming from the Ministry of Education?

**Hon. Mr. Kennedy:** The \$20 million we gave to boards, based on how many support workers they had, to help them in arranging long-term contracts at economical rates, was provided to every board. How the board chose to use it in their negotiations—because these aren't uniform contracts and not uniform dates—was up to them.

**Mr. Klees:** So this is \$20 million that the ministry sent to boards, no strings attached, and this was an incentive for them to sign contracts? Is that what it was? It was basically a signing bonus?

**Hon. Mr. Kennedy:** These were one-time funds that they could use. It's quite established, I'm sure you're aware—

**Mr. Klees:** To entice the signing of contracts.

**Hon. Mr. Kennedy:** —to keep the costs low. So, for example, 2% is typically what arrangements were arrived at. At 2%, in the instance of teachers, instead of 3%, which is what many other groups were signing, the savings, just from one year, are \$360 million. We had 2% to 2.5%. If it was all 3%, the savings would be something like \$800 million. So a one-time \$60-million payment to teachers versus up to \$800 million more made sense as a one-time bonus. It's not very well regarded in the labour world, because unions don't like it, but it was something that helped to sign four-year contracts for the first time.

**Mr. Klees:** Can you tell me whether those \$500 payments are going to be tax-free to the recipients or whether there will be taxes payable on that \$500 payment?

**Hon. Mr. Kennedy:** The negotiation was between the boards and the federations. I can't speak for the Canada Revenue Agency. Essentially, the determination will be made depending on the details of each one. I believe, in general, if they're legitimate, receipted business expenses, then it will be tax-free and therefore in everyone's interests. But it has to be for a legitimate business expense, and that ruling will have to be made by the Canada Revenue Agency. Otherwise, it's worth a lot less to those individuals because it's a taxable benefit.

1640

**Mr. Klees:** I would like the ministry to provide this committee with the Income Tax Act section that would provide support for your comments, Mr. Minister, that for a teacher or for a union employee these amounts paid would in fact be tax-deductible. Could you table that with the committee?

**Hon. Mr. Kennedy:** They will make a ruling on a board-by-board basis, so there is no advance opinion.

**Mr. Klees:** Who will make a ruling?

**Hon. Mr. Kennedy:** The Canada Revenue Agency, the federal government, will make a ruling on this.

**Mr. Klees:** For every board, board by board?

**Hon. Mr. Kennedy:** That's right, because it will depend on the contract and it will depend on how it's paid out. These contracts exist between—

**Mr. Klees:** Could I get that in writing?

**Hon. Mr. Kennedy:** I'm happy to provide it to you in writing.

**Mr. Klees:** OK. I would like that to come to this committee in writing, that the Canada Revenue Agency will make a board-by-board ruling on the tax treatment of that \$500.

**Hon. Mr. Kennedy:** And of necessity, sir, because it's only on a board-by-board basis that they can make the determination, as I mentioned before, which again is a general one, there should be no reliance on my interpretation as to whether this will be tax-beneficial or not. That's something between the boards and the employees.

**Mr. Klees:** Who is responsible for the administration of the application for these payments of \$500 and for the approval once those applications are received? Whose responsibility is that?

**Hon. Mr. Kennedy:** The application of those funds for proper and good purposes is always the responsibility of the board. The administration of those funds is something that has been in some cases negotiated. Sometimes it's shared. Sometimes it has gone to the federation to do, as they apparently have done for 20 years, but in pretty rare circumstances. Again, what is in everybody's interest here is careful accounting, without which much of the benefit of this expense recovery will be lost. There are a lot of out-of-pocket expenses every year by teachers. This is giving them compensation for some of them that advance their training. They take more training as a result. But if they don't do it properly, they won't get

their tax benefits, so it's in everyone's interest to do it. I understand that some boards have arranged audit procedures and criteria with some of the federations, so those federations are actually administering those criteria according to those audit procedures.

**The Chair:** Mr. Klees, we'll be back to you in a moment. Mr. Marchese, you have 20 minutes.

**Mr. Marchese:** I have other questions, but this was of particular interest. This \$20 million: Is there any oversight by the ministry, or did you just give the \$20 million and it flows to the boards?

**Hon. Mr. Kennedy:** Again, Mr. Marchese, we gave it to the boards because the awkwardness here was that we didn't want to treat one class of employees differently. It was hard to be uniform because the contracts weren't all up at the same time. We gave it to the boards subject to the same standards as other money that they're provided—

**Mr. Marchese:** No, I understand.

**Hon. Mr. Kennedy:** —but to be used at their discretion to provide the training. But the oversight to make sure they use the dollars properly is there.

**Mr. Marchese:** By whom?

**Hon. Mr. Kennedy:** By the ministry.

**Mr. Marchese:** So there is some oversight, or at least oversight in the end after they've expended the dollars one way or the other? All boards are doing this differently. I don't know whether federations actually have to negotiate this or initiate this. Do you have a sense of this, or does it really matter how they arrive at it? Is that an issue or concern?

**Hon. Mr. Kennedy:** Again, they have to satisfy us with their audited statements. They have to satisfy us in terms of the spot audits that we do. In general, they've got to meet the standards for dealing with this. Essentially, boards handle, on behalf of taxpayers, about \$17.2 billion. This is one part of it, and it's subject to significant review.

**Mr. Marchese:** Do boards initiate this? Do federations initiate it? To whom—

**Hon. Mr. Kennedy:** If that's the question, they do negotiate this. This is a resource to the board, should they choose to put it on the table as part of negotiations, and they negotiate, then, what form it might take.

**Mr. Marchese:** With the federations?

**Hon. Mr. Kennedy:** In this case, it's not the federations. If we're talking about the teacher one, it was with the federations. Those were all concluded, as you may know.

**Mr. Marchese:** But we're talking about this bonus, this 20 million bucks.

**Hon. Mr. Kennedy:** There are two parts to it, as the member previous said. There's a \$60-million component—

**Mr. Marchese:** I'm talking about the \$20 million.

**Hon. Mr. Kennedy:** The \$20 million is not teacher federations. That's for support workers. That's what I'm just trying to let you know. There are a lot of representative groups out there for support workers, not just the

teacher federations, although certainly some of them are part of the same union.

**Mr. Marchese:** We'll have to come back to that if we have time.

On the capital expenditures, we were trying to make some inquiries with your ministry. The first time we did that, they were very helpful. The second time it was a bit more complicated because we weren't getting the kind of information we were looking for. And it's understandable. Ministries are always very cautious and protective of what kind of information they release. We were calling to find out, of the \$280 million, how much money has flowed and in the future would flow, and there was no clarity in that regard. But what we did hear from one staff who was talking to one of my staff was that boards, I think as of next year, will have to make five-year plans, and it will be required by the minister to make five-year plans in order to be able to access further capital project dollars. Is that true?

**Hon. Mr. Kennedy:** It's not true, in the sense that they have to do it this year; December 16 is the deadline. But it is a five-year plan. It's a capital plan with a number of specific differences from the ones they've done before, and that makes them eligible for a number of components of this. We have to see that there's a plan that utilizes resources that makes a good business and education case for the use of the dollars.

**Mr. Marchese:** So this five-year plan is somewhat different from the previous total renewable needs that were identified by the ministry of 2003-04? This is different, or the same?

**Hon. Mr. Kennedy:** It incorporates that, but there are a number of other things. There's also money eligible to build new schools, to replace schools that are—for example, for a school, 80% of the cost to rebuild it is the total sum of the repairs. For anything over 65%, we're simply saying, "We'll let you build a new school." But to get those dollars, we're saying that you need to give us an education and business case that supports that. For example, the school could be in very bad shape but there could be a very small number of students in it, and they might just be better transferred somewhere else, or a range of things.

**Mr. Marchese:** And I have a question in that regard. It's coming.

**Hon. Mr. Kennedy:** But that's part of what's different about the capital plan and the Good Places to Learn listing you're referring to.

**Mr. Marchese:** So why couldn't we have simply stayed with this plan that was already in place that was reviewed by your ministry, for which there are \$4.5 billion worth of capital expenditures that are presumably very serious? Why aren't we sticking with that, based on your \$280-million announcement of last year?

**Hon. Mr. Kennedy:** For this reason: because there are varying capacities of boards. Some have a lot of money in reserve; some have dollars for capital that they were given and didn't spend. Under the previous government—I know you'll find this a bit incredible, but we'll

make sure you get the dollars in front of you—\$109 million was sent out last year, before we stopped it, to boards that weren't building anything. So the cash—

**Mr. Marchese:** No, I know. You've said that before.

**Hon. Mr. Kennedy:** We've got to make sure that actual additions are being built—

**Mr. Marchese:** I agree, and that's what I thought you were doing.

**Hon. Mr. Kennedy:** —and actual things are being done. I think I hear you questioning the need for a plan, rather than simply sending out the money. We're not doing that. We're requiring a plan for the second phase of this.

**Mr. Marchese:** I know. I understand.

The Good Places to Learn information package made the statement that, "The renewal needs of facilities that have been identified as having a facilities condition index of 65% or greater have been removed from the calculation." That means that schools that need too many repairs will not be fixed; they will be replaced. I'll continue to quote from that document: "An estimated \$50 million will be allocated in respect of replacing approximately 120 of these facilities."

We would like the names of all the schools that have been replaced and the cost of each replacement project for the years 2003-04, 2004-05 and 2005-06. Is that possible?

**Hon. Mr. Kennedy:** The 120 schools were identified exactly as you described—65% facilities condition index. Then boards are required to file with us, as part of their capital plan, the business and education case. Only after that will the authority to build those schools take place.

**Mr. Marchese:** I understand. Have there been schools that have been replaced in 2003, 2004 or 2005, under that criteria?

**Hon. Mr. Kennedy:** No. There was no program until 2005. Basically, now that we've established the criteria and now that the boards know what they are, they're proving their cases and then they'll receive the grant in consequence of an approval for those schools.

**Mr. Marchese:** So this whole process was announced in 2005—not before, but in 2005.

**Hon. Mr. Kennedy:** The 2005-06 school year is the first instalment of it, the \$1 billion, and then the eligibility to plan to replace a school was given to boards. I should say that last year, we flowed the money before the school year started. We'll be prepared to do that for this year as well so that it won't be an impediment; it's just simply making sure that these buildings need to be replaced.

Again, it's the first time there's been a program of this kind. There were 30-some schools addressed by the previous government, but they weren't done in an overall, fair kind of way.

1650

**Mr. Marchese:** One hundred and twenty of these facilities have to be replaced. Are there kids in some of these schools?

**Hon. Mr. Kennedy:** Oh, yes. I would say that all of them are active schools.

**Mr. Marchese:** How do we feel about the fact that they're in such bad shape they have to be replaced, not repaired?

**Hon. Mr. Kennedy:** Which is why they've been left that way for 20, 25 years, and we are finally going to replace them. I should say this, though. I should say this very, very clearly—

**Mr. Marchese:** When do you anticipate that happening?

**Hon. Mr. Kennedy:** They receive regular renewal dollars, which can be used on those buildings to keep them in a certain kind of form. We would hope that all the 120 schools will be awarded this year for construction. This will vary. Unfortunately, there is a problem, you can appreciate, in some areas. If you're building a lot of schools, you could send the prices up. That's something we've learned and we didn't anticipate, but we learned it was true for the roof replacements, the windows and so on. But we would hope to get all 120 of them, save for those conditions, going by next year

**Mr. Marchese:** Next year.

**Hon. Mr. Kennedy:** Yes.

**Mr. Marchese:** OK.

**Hon. Mr. Kennedy:** Again, we'll give them money ahead of that school year if that's indeed what they can get done.

**Mr. Marchese:** That's fine.

I want to get to special education. I have a copy of a memo dated November 4, titled, "Revised Estimates." It was issued by Wayne Burtnyk, director of transfer payments and financial reporting of the Ministry of Education, and it's addressed to the superintendents of business. On page 2, under the headline "Special Education," the last line reads, "Boards should note that all approved net new needs claims will be recognized for full funding in 2005-06." You're familiar with that, obviously.

**Hon. Mr. Kennedy:** Yes.

**Mr. Marchese:** I take that to be the correction you promised to issue last time we met, effectively removing the cap for net new needs in special education funding. Is that correct?

**Hon. Mr. Kennedy:** That does have that effect, yes.

**Mr. Marchese:** Is this the final word of the government of Ontario, that you will provide full funding for all net new needs claims in 2005-06? By the way, I'm asking this because for the last two memos, when I made reference to Madame Proulx and Nancy Naylor, that I read on the record, you said that those memos were not "the final word of the government." This is, I'm assuming.

**Hon. Mr. Kennedy:** It is.

**Mr. Marchese:** I want to draw your attention to a document that is the final word of government as it applies to boards of education and administrators, and those are the legislative grants for 2005-06. I've got that here: This is the document that board administrators look

at to calculate how much funding they will receive from your ministry. I downloaded this copy from your Web site today, and this copy still contains the cap on net new needs. When will you be issuing a correction of the legislative grants for 2005-06 to go with your corrections by memo?

**Hon. Mr. Kennedy:** Well, you just read the memo that the boards received, so you know that's already been done. The regulation and so on was amended to be clearer last Thursday. It's in effect; the boards are aware of it. I would say again, for the record, that boards were aware of it before, because they didn't file \$40 million worth of claims; they filed \$70 million. That's what we're in the business of auditing right now, going through with the boards to validate those claims. So there was a misunderstanding by boards, for which I've taken responsibility, and it's now been corrected.

**Mr. Marchese:** Maybe I should just read what the legislative grants say. It takes a bit of time.

**Hon. Mr. Kennedy:** The assistant deputy informs me that the reg will be gazetted. Once that happens, that part of the official notice will be generally shared.

**Mr. Marchese:** I'm sorry. What did she say?

**Hon. Mr. Kennedy:** The assistant deputy is just reminding me that the technical change will be gazetted, which, as you know, takes a little bit of time, and then there will be a further notification going to boards of a more formal kind.

**Mr. Marchese:** Good. That's very good. I'm happy to hear that. Your other question was a bit more confusing and complicated, based on the discussion you and I had last—not the last week but the week before.

**Hon. Mr. Kennedy:** My apologies for any lingering confusion.

**Mr. Marchese:** All right. I'm glad to hear that it will be corrected sometime in the future. Do we have a sense of when that might happen, assistant deputy?

**Hon. Mr. Kennedy:** Again, to get it very, very clear, all the corrections have taken place. I know you're very familiar with this, the actual printing of the government publication, or the Gazette, to make it official. So all the procedures have happened, and that is simply based on the publishing schedule of the Gazette. So nothing further needs to be done.

We said we would do this. We took care of changing this. The boards are aware and, as I say, there already was no net impact on students because boards were, by and large, aware of that. But again, we've now fixed the misunderstanding.

**Mr. Marchese:** On page 14 of the same legislative grants that the assistant deputy and deputy are aware of, subparagraphs 3(iv) and 3(v) represent the capping of net new needs in special education. These subparagraphs give you the extra calculations you have to make if the number of newly enrolled students exceeds the one that the ministry artificially set for the province. Any meaningful correction of the cap should effectively remove subparagraphs 3(iv) and 3(v). Will you do that, Minister, and when?

**Hon. Mr. Kennedy:** Essentially, that's what the reg change does; it changes those provisions. Again, the reg change has been made. It will be gazetted, I'm told now, on November 26 and, therefore, technically that's when it's in effect, but the relevant decision-makers at the board have been confirmed in that. Essentially that is the same information as provided before. What you're reading from is part of what we described would be changed. It's now been changed.

**Mr. Marchese:** OK. Without the cap and according to the 2005-06 legislative grants, all a board has to do to calculate their allocation for net new needs is simply multiply the number of newly enrolled students by 17,000.

You can read that on page 14, subparagraph 3(iii). It says, "Multiply the number determined under subparagraph (ii) by 17,000." So, according to your correction and your promise of full funding with no cap, every board will receive \$17,000 per newly enrolled pupil identified as a high need.

Can I get a confirmation from you that every board will receive \$17,000 per newly enrolled pupil for 2005—

**Hon. Mr. Kennedy:** Again, since you're delving into minutiae, I want to be sure to be very correct on the record. What we have worked with boards on, for this year and last year—again, I remind folks that the amount of money we put forward was actually undersubscribed—were the net new needs. For example, if a new person comes to the board, a family with a child that needs extra help, and two leave, then there won't be additional dollars provided, but if two new people come and only one leaves, then there will be the additional dollars provided in the way that you describe. This is subject to verification and auditing procedures carried out by the ministry—

**Mr. Marchese:** I understand that.

**Hon. Mr. Kennedy:** The net legitimate new needs will be met. That's the policy, as I explained here before, and that's the policy that is now—

**Mr. Marchese:** OK. But here's what I'm asking you that you're not answering. Can I get a confirmation from you that every board will receive the \$17,000 per newly enrolled pupil? You're not answering that question.

**Hon. Mr. Kennedy:** I will answer the question because you've put it in a different way. You said, "Will every student they claim be provided with \$17,000?" and I'm just telling you, as long as that's a net new need—in fact, you said "every new student." If there were students who left, then the answer would be no—

**Mr. Marchese:** We understand that. That's part of the calculation.

**Hon. Mr. Kennedy:** But if you're asking what the denominator is—is it going to be \$17,000?—the answer is yes.

**Mr. Marchese:** Is it going to be \$17,000, and the answer is yes?

**Hon. Mr. Kennedy:** It's going to be \$17,000. So if that's your worry, and if that's the worry—

**Mr. Marchese:** That is my worry and my question.

**Hon. Mr. Kennedy:** OK. Then you have your answer.

**Mr. Marchese:** Good. That's what I wanted you to say. It wasn't so hard. Boards will be happy, and I'm happy to hear you say it.

**Hon. Mr. Kennedy:** It was perhaps the question, or just my inadequacy in understanding it.

**Mr. Marchese:** I could have rephrased it, perhaps, because I talk about net new needs. That's what I talked about, and you're talking about that as well.

**Hon. Mr. Kennedy:** We got there.

**Mr. Marchese:** We're on board.

**The Chair:** I've never seen you two so happy.

**Mr. Marchese:** Isn't that amazing? You can get to those conclusions when we agree.

**The Chair:** You have three minutes, Mr. Marchese; three more minutes of this.

**Mr. Marchese:** Special education funding, still: In an article written by Ian Urquhart in the Toronto Star on November 9, you're quoted as saying that you have placed an additional \$240 million into special education since you took office. Are you quoted correctly in that? I don't want to make a mistake.

**Hon. Mr. Kennedy:** I believe that's correct, yes.

**Mr. Marchese:** Can you give us a detailed account of the new funds you have poured into special education, perhaps by naming the grant and the year the money flowed?

**Hon. Mr. Kennedy:** I think I can.

**Mr. Marchese:** If you have a copy, that's even better.

**Hon. Mr. Kennedy:** I'm always happy to provide you with a copy.

**Mr. Marchese:** Beautiful.

**Hon. Mr. Kennedy:** In essence, we have provided additional funds of that amount since coming into office. Our total funding for special education is approximately \$1.9 billion and in previous funding was \$1.62 billion, hence the amount of money that I believe you're referring to. That line includes ISA and SEPPA grants. Those were provided, as you may recall, a significant amount in 2003-04. Then, what we've been discussing a little bit, I think, is the particular way that we paid for the increases for the last two years. But that is the annualized cost, not the amount since we've come into office.

1700

**Mr. Marchese:** Can you break it down for me? You quote to me what you are putting in and what the previous government did, and you get a number. Can you break it down in terms of where and how?

**Hon. Mr. Kennedy:** What breakdown would you like?

**Mr. Marchese:** This number changes every time you talk to me or others; it's just a fluid number. So what you're saying is, there's \$240 million more for special ed, and it's for ISA and SEPPA programs. Is that it? Is that what we're saying? And it flowed in 2003, 2004 and 2005, or just from the previous government to now?

**Hon. Mr. Kennedy:** Again, you've accessed the Web site quite successfully, and the same information we found that was there at the beginning of the year. The one

caution I would have is that the actual spending—it supports that number; actually, it’s something of a higher increase—essentially doesn’t include any extra spending by boards, which will take place, because some of them are still expending some of their surpluses as needed. But essentially, yes, those dollars are there. The provincial total is to be found on page 4 of 150, for the people looking on that Web site, for education funding grants.

**Mr. Marchese:** In terms of a breakdown, there is no such thing?

**Hon. Mr. Kennedy:** Sorry, which breakdown are you looking for?

**Mr. Marchese:** You spent \$250 million, you say, on special ed. Is there a detailed account of how that’s spent? Or is it just simply something where the minister says—“\$240 million more has been spent”—and that’s it? “Just look at the number on page so and so, and you’ll see it,” is that it?

**Hon. Mr. Kennedy:** Well, no. In essence, there are, then, some sub-budget lines. There are four levels of ISA altogether, actually: ISA 1 for equipment; ISA 4 for section 19 schools; we also have a SIP grant; and we have ISA 2 and 3, which are the main ones, I think, that have been in discussion, previously individually qualified. Even though those programs have not been continued, they’re still in place in terms of funding. Then there’s the SEPPA funding overall. Now, if you wish, we can get you the detailed breakdown of those grants.

**Mr. Marchese:** Yes, if you don’t mind, and if the assistant deputy would like to be helpful, because she’s there and she’s got all the numbers. That would be great. If you could give it to me now, I’d feel better.

**Hon. Mr. Kennedy:** She’d be happy to provide that. This is a listing of SEPPA grants, ISA 1, ISA 2 and 3 combined—we have to go back and get you ISA 2 and 3 separate—the SIP grant and ISA 4. This is the spending in 2003-04, but we can get you the allocation for this year. Is that what you’d prefer? We want you to be happy, but we need to know. This is like ordering ice cream. I need to know what flavour you want; I need to know if it’s a cherry on top.

**Mr. Marchese:** Just put the whole thing on, exactly.

**Hon. Mr. Kennedy:** Everything?

**Mr. Marchese:** Yes, because then you and I can go and talk, because we’re on the same page, so that you’re happy—

**Hon. Mr. Kennedy:** I think you’re coming to this conclusion—

**Mr. Marchese:** No, no. Please say no more.

**Hon. Mr. Kennedy:** —that whatever you’re looking for is there; that whatever you’re looking for, you’ll find and you’ll get. But I need more precision if you want specifics.

**The Chair:** Gentlemen, could you wrap up your menu so that I can recognize a government member?

**Mr. Marchese:** Maybe they don’t want to ask any questions.

**The Chair:** Mr. Leal has a short question, and then I’ll continue with the rotation.

**Mr. Marchese:** Thank you very much, if that’s it.

**Mr. Jeff Leal (Peterborough):** Mr. Chair, would I have time for two short questions?

**The Chair:** As long as you determine that they’re short. I’ll help you with that.

**Mr. Leal:** Thank you very much, Mr. Chair. I appreciate your guidance.

Minister, I want to go back to busing for a moment. I must say that Ms. Naylor has been particularly helpful. There’s a particular problem we have in my area. When the amalgamation occurred between Northumberland and Peterborough in 1997, in terms of bus rates that came into play then, Northumberland was higher than Peterborough, and because it was frozen in time, it has created this inequity. The folks that it’s really hurting now are the small operators. Often, these small operators have these busing operations and they’re also farmers. We know the stress and strain that that side of the income ledger has experienced the last number of years, so they count on their busing operations to assist them. Let me say that they are small operators—three, five and six buses—the kind of operators who don’t have alternatives to look at to generate income. I know you’ve been working through that. I would just like to hear your response.

**Hon. Mr. Kennedy:** As I said before, we appreciate that they’re there. They know their community; they know their kids. They do a good job in keeping them safe, and they keep their buses in good mechanical condition. They have kept up with our improvements to safety. All we’re really looking at is what kind of business model we can get that would give them some more security and that would still be deriving the advantages that I just listed that came from them as private sector operators offering this flexible service, and particularly in these times.

We do acknowledge that for at least some of the busing fleet and some of the busing operations, there are pressures. We’ve got some big companies out there. They’ve got hedge funds and they’re protected from gas increases and so on. But we’re very focused on the people you’re talking about, which are the small bus operators, and trying to see. We’ve asked them and we’ve been working with them, and now with a little bit more urgency because of the gas fluctuations, to see if we could come up with a budget model that would offer something to them. We need them to stay in the business. We need them to still do the high-quality work that needs to get done to transport those kinds. So I think that’s a particular challenge that we’re taking on. But I would distinguish that; there are some companies that have 35% or 60% of the market, and they aren’t small bus operators. We want them to be viable business models too, but there’s quite a range out there from the three to five to the 600 to 6,000 or whatever it may be in terms of the top end.

**Mr. Leal:** And, Minister, they’ve bought into your consortium concept. They participated fully and worked through some very difficult routing situations, but they want to work with you.

**Hon. Mr. Kennedy:** There are two things. One is, we're looking at what the interim impacts really are, and then we're looking at making sure that the funding formula may take that into account. The funding formula, as it was previously contemplated, was only an allocation; it didn't really respect—what did boards do with it? If they were sharp when negotiating a contract, they could potentially save some dollars. What the operators sometimes said was that they're a little bit at the mercy of boards because they've made the investment in their buses. If they get paid a little bit less, what are they going to do? They're going to have to match that. I think that's something that we, the ministry, and they, the school boards and bus operators, have to come to some kind of understanding on, because we have passed all increases. The previous government didn't increase it for years, let it atrophy, and certainly that's coming out of the bottom lines.

We've put fare increases in in the last two years. Some of that has flowed and helped those bus operators pay their staff, helped them get by themselves. Some has not flowed, so the question is, as with many things in education, to what detail should we interfere at the provincial level? I mentioned the issue of contracts, because that's one part of it, but I think we're looking at what kind of business model will work here, and we want it to work. We want those small operators to stay in business—they have a lot to offer—and I think that's where we're focusing our energies as we look at both the model and what pressures are really there. We certainly don't want those to be exhausted. We're looking at our boards to treat those folks as their business partners, which means fair treatment. None of them has any influence over the price of gas and, even though that may only be 12% of their costs, their margins have already been somewhat squeezed.

The problem for the province is it's different in every part of the province. It's a different contract, it's different historical funding, and it's a different sort of circumstance in terms of the ability of companies, usually based on size, to weather some of those changes.

So we're trying to come up with something for them that does protect the taxpayer, but it is our goal. Small bus operators, we recognize, are a very important part of this equation. If you like, I guess we could say that's where we're starting. That's what we think is the most urgent part of this to get fixed, and that's what we're focusing on.

**Mr. Leal:** I appreciate that.

**The Chair:** Thank you very much, Mr. Leal. Mr. Klees, you have about 22 minutes.

**Mr. Klees:** Minister, I'd like to return to this \$80-million slush fund, if I can refer to it as that, because that's what it appears to be.

Can you provide the committee with a board-by-board listing of the funds that have been allocated to the boards under this bonus arrangement that you have, first of all?

**Hon. Mr. Kennedy:** I will just object to the idea that this is any kind of slush fund. This is a fund provided for

a good purpose in the public interest: economical contracts, long-term agreements. It has achieved that purpose, and I object to that allegation.

**Mr. Klees:** Thank you, but you will provide the board-by-board allocation?

**Hon. Mr. Kennedy:** The funds allocated, by board, belong in the public domain and I absolutely will provide that.

**Mr. Klees:** Thank you. What, if any, guidelines were provided by the ministry to the boards for acceptable expenditures for reimbursement under this fund?

**Hon. Mr. Kennedy:** Again, the characterization to the boards was for them to determine, and we felt that their standing audit procedures and the need for them to arrive at criteria at the negotiating table would make sure that these were done in the most beneficial way possible to the public interest, which, frankly, is for them to be used for professional development purposes; otherwise, as much as 30% or 40% of the benefit is lost. So we left that up to the boards.

1710

**Mr. Klees:** So the ministry provided no guidelines in terms of accountability for how this \$80 million would be spent by the school boards. Is that correct?

**Hon. Mr. Kennedy:** As you may be aware, your government provided far fewer guidelines when it came to labour negotiations.

**Mr. Klees:** No.

**Hon. Mr. Kennedy:** This is dollars to support a labour negotiation that legally takes place between a local entity, the school board, and another local entity—

**Mr. Klees:** The answer clearly is no.

**Hon. Mr. Kennedy:** But for the reason I've mentioned, which is that it's a labour negotiation, and we aren't able to stipulate the terms of that negotiation. This was meant to serve, and did serve, a dual purpose. It got more training for teachers. It covered some of their out-of-pocket expenses. It also helped them to sign contracts that saved the public a lot of money in the long run and brought a lot of books and a lot of extra teachers into the classrooms.

**Mr. Klees:** Speaking of books, how much has the ministry allocated for textbooks for the fiscal year?

**Hon. Mr. Kennedy:** There are two allocations—one special allocation for \$44 million, and that is on top of the standing allocation. I'll ask for that to be found; it will take us just a minute to get that. But built into the foundation grant is an amount as well for textbooks. It works out to about one million texts that can be purchased for that amount.

**Mr. Klees:** So in total, for textbooks the ministry has allocated about \$44 million.

**Hon. Mr. Kennedy:** I want to be clear on that number: \$44 million a year for every year, so under the life of these contracts, for example, that money, because it was saved directly because of the entitlement for teacher development accounts, is about \$164 million. That \$164 million is for textbooks, because it's \$44

million every year, which saves directly because of how that was done.

**Mr. Klees:** How much have you allocated for reducing class size?

**Hon. Mr. Kennedy:** For reduced class size, the allocation to date is \$180 million a year. The eventual cost will be \$370 million per year. Again I'll emphasize, for comparison purposes, it's \$180 million per year.

**Mr. Klees:** My reason for asking those questions is to compare the \$44 million the ministry has allocated for textbooks, the \$180 million for reducing class sizes for which you get new teachers into the classroom, and you're dedicating \$80 million of taxpayers' money to school boards over which you have no control, no accountability mechanisms whatsoever from the ministry's standpoint—

**Hon. Mr. Kennedy:** Sir, you stand completely in error.

**Mr. Klees:** —and that money is to be spent by the school board.

Let me ask you this question: Will you also provide to us, then, the amount that has been paid out by each school board under this \$80-million program? I'm not sure what to call it. Can you provide us with that? You're going to tell us how much you have transferred to school boards. Will you table for us how much has been paid out to date under this program, school board by school board?

**Hon. Mr. Kennedy:** We will do that when boards have expended the money. We're in the middle of a school year. Obviously there are records that are filed by the board. They give us revised estimates and so on. What you're asking for, I think, are complete records. Once all those arrangements are complete, there will be a reckoning and we'll be able to provide that information.

I just want to say for the record that your characterization of this is simply not borne out. There is accountability for these dollars the same as any other dollar that's transferred from us to the school boards, to hospitals and other like. It just happens that this serves a particular purpose. You are obviously against those employees getting some help with their expenses. We think it was a good bargain for the province. That's maybe where we differ. We shouldn't differ in mischaracterizing it—

**Mr. Klees:** No, Minister, I'll tell you—

**Hon. Mr. Kennedy:** —because those dollars are being provided in a proper fashion.

**The Chair:** Minister, I didn't intervene and rule on the notion of a slush fund because it's not your slush fund. It's now in the hands of the school boards. That's why I'm allowing it, because it's the school boards' prerogative. By definition, a slush fund is one that doesn't have parameters around it. So I'm allowing it. As long as Mr. Klees doesn't accuse your fund of being a slush fund, then I'm allowing this to continue, but I think we should proceed to move along with the questioning, if we can. We've certainly been exhausting this angle for some time.

**Mr. Klees:** I'm doing so for a reason, Mr. Chair.

**The Chair:** I didn't want to leave the word "mis-characterization" down there. You agree to disagree on how they're referring to it, but I'm not going to let Mr. Klees refer to this as your slush fund.

**Hon. Mr. Kennedy:** If I may, as a point, not of order, but it is close to a point of privilege: The slush fund in this connotation is, I would submit, in a broader sense unparliamentary. That would be my objection.

**The Chair:** First of all, you're not in a position to argue with the Chair; the committee members are. Secondly, I was very careful to say that he's not saying, "This is your slush fund." He's referring to it as the boards' slush fund. You gave it to them.

That is my ruling, and we'll leave it at that.

**Hon. Mr. Kennedy:** I'm not going to contest you, but I do believe all members' privileges are protected by the Chair.

**The Chair:** I see a hand.

**Mr. Leal:** Could I ask you a question, Mr. Chairman?

**The Chair:** No.

**Mr. Leal:** On a point of order, then.

**The Chair:** If you have a point of order, I will listen to a point of order, but the minister was seeking a ruling from me and I gave him one.

**Mr. Leal:** On my point of order, it's my understanding that the term "slush" used in any sort of connotation in the chamber is always classified as an unparliamentary word that—

**The Chair:** No, the word itself is not unparliamentary.

**Mr. Leal:** Can I finish?

**The Chair:** I'm ruling, in the interests of time. I've heard your objection. You're asking how it's ruled in the House. In my 21 years in the upper chamber, I will tell you that the words "slush fund" have been used. In this particular instance, it is a slush fund that school boards have. I've made my ruling. If you want to challenge the ruling, then fine. But let's move on. Thank you.

Mr. Klees, you have the floor back.

**Mr. Klees:** How much time do I have left?

**The Chair:** Fifteen minutes.

**Mr. Klees:** Minister, I'd like to return to a matter that is of great concern to me and, I know, to parents across the province, and that's the issue of special education. I'm going to read into the record an e-mail I received today. I'm going to read it into the record because I think it's important information and I trust it will get your attention. I'm not going to read into the record the name of the individual, for obvious reasons. It reads as follows:

"My child has a severe auditory and language disorder, yet received no services from a speech-language pathologist from the board. I had to pay privately. In grade 3, the principal told me that if they were to continue to get an EA for my daughter, they would have to change her exceptionality to autism. But in grade 5, a new principal came and then she started treating her as if she was autistic. When I complained in grade 6, the school board said they were going to have a psychologist deem that she was autistic, even though I had all the

reports from all my daughter's doctors that she wasn't. Of course, the psychologist said my daughter was autistic, at 12½ years old, but after threatening her with a lawsuit, she backed down.

"My daughter was illegally removed from school two years ago, and when I contacted Mr. Kennedy three months later, I received a phone call from one of his assistants and was told that there was nothing they could do. It was a board decision. All they did was supply money.

"At the start of grade 7, the new superintendent of the board told me that my assessments for my daughter were not acceptable any longer, as they were too old, that everything they had done with my daughter was proper, and I told them to go to hell. A child's diagnosis very rarely ever changes, so a diagnosis of developmental dysphasia at 2½ and at 12½ would be the same at 50½.

"If you would like to hear my daughter's complete story, I have the documents from the school and my daughter's OSR and the evidence of professional misconduct on behalf of the principal attendance counsellor with the board," etc.

Minister, I read this into the record because this is only one of many such e-mails and letters and visits that I have had in my office from parents who are having serious concerns about how their children are being treated by the public school system in this province, children with special needs, the most vulnerable in our society. I read this into the record because what is very concerning to me is that there is a reference here that when they contacted your office, your office replied by saying there is nothing you can do. I continue to hear that time and again.

I'd like to ask you this very simple question: As Minister of Education, do you not feel that you have a responsibility to look into these matters, to determine whether or not there is in fact a serious problem in a particular school, under a particular circumstance, or do you think it's appropriate for you to wash your hands as Minister of Education and simply suggest to parents that there's nothing you can do and this is someone else's problem?

1720

**Hon. Mr. Kennedy:** I would say to you, sir, that we have always endeavoured, and the phone call at least—I can't speak to the accuracy of the rest of what you related, but we do try wherever possible in the minister's office, the district offices of the ministry, to help individuals who haven't been able to find satisfaction from the school boards, even in areas of their statutory responsibility. Sometimes we're successful; sometimes it does turn out that there's a determination that's been made which is according to the rules that have been done. We're not running the assessment system itself, but if people have not received fair treatment—and we're looking very closely at how to ensure a greater, broader level of accuracy in terms of what's done out there, better responses. There will be times when the resolution of that is not the best resolution, yet that is what the system is

offering. In most cases, we do make a very significant effort to ascertain whether that's the case. I can't tell from your description, and if the individual involved is agreeable, we can look at that and I can give you a better response even on a general basis in terms of what was done there. Your general characterization is easy to respond to: We do try to respond to people wherever possible.

There are some legal processes that involve the local SEAC or an appeal to the IPRC. Sometimes people are in the midst of those, and sometimes that can preclude even a formal intervention. But I would be clear that we do believe that everyone in the system, including me and my office, have an obligation to provide some compassionate response to anyone, particularly those who have children with extra challenges. We do it dozens of times a week; we'll continue to do it to the best of our abilities. If there's an instance here where you have independently assessed it, you've looked at it, and you believe strongly that there are objective issues here, or if that's the feeling of the parent, we're happy to look at it again and see whether we made a mistake in terms of what we can do and indeed to see whether we need to be encouraging the boards to do their responsibility.

Ultimately, there are rules governing some of the allocations of these resources, but, generally speaking, the bottom line is that the boards should find the best answer possible for these students, to have them in school and receiving the best kind of support. The IPRC, which is the formal way that someone makes a determination—I'm sorry, the initials escape me right right now; the identification, placement and review committee—is appealable by parents. In other words, that's where someone gets a designation and that decision is appealed. There have been problems in the past—and I note the chronology you gave means the student was in school under your government. I know there have been instances where maybe the person wasn't notified soon enough or indeed they didn't feel they got a full and fair hearing, but that's one thing that does exist.

The reason I'm saying it is that I'm hoping other people listening will avail themselves of that process. I'm saying to you, if the process has been exhausted, we are prepared to try and find and give people the best advice. If the system, for some reason, isn't able to deliver, if it's not the best news or not exactly what the parent wants—for a good reason, it may not be the best news that the parent wants—we will be honest with them. We will provide that.

**Mr. Klees:** So what I hear you saying, Minister, is that you are prepared to meet with parents who have a problem, who are frustrated, and whom the system is failing. You're going on the record to say you recognize that that's your responsibility as a minister—and you will not shut your door to parents who want to appeal to you directly—to use your authority to intervene. Is that correct?

**Hon. Mr. Kennedy:** No, that's not correct. I want to be very clear. What we're talking about is a compassion-

ate response. The Minister of Education, under any government, in any practical way, can't be the resort of appeal for special education or other decisions of school boards. There are some 280,000 students receiving exceptional services, and that would neither be practical nor would it be fair to hold out to parents. But when there are exceptional cases—and we can determine that; we have staff in my office and in the field offices—we give that a compassionate going-through. We try and give them the best advice and guidance in the system. We intervene with the system to make sure it gives its most proper response. That is done time and time again, and that needs to be there. There need to be safety valves, but it is not the same as the minister being the person who can be appealed to for decisions formally, and I want to draw the distinction—

**Mr. Klees:** We're not talking about that. I'm not talking about that.

**Hon. Mr. Kennedy:** That is what you said, with all respect.

**Mr. Klees:** No, I'm talking about appealing to you to hear a parent describe to you what the circumstances are that they are going through, the pain they're suffering, and to have you open some doors for them and facilitate some responses and some answers. I don't know what government you're dealing with here. I can tell you, I've been a minister in a couple of portfolios. I certainly met with constituents who had problems and concerns with the system. I welcomed that kind of input so I could deal with the problem.

**Hon. Mr. Kennedy:** With all respect, we filled the galleries with people who couldn't get a hearing from your government. Frankly, I'm hoping you're not trying to tell us that somehow there was a system in place under your government that dealt with some of these difficult cases. You only have to look at the funding line to see that it was a refusal, a refusal and a refusal on the part of your government on behalf of special-needs families. There were less and less dollars available every year under your government until the last year of your government. You never kept up with inflation and you never made sure these people got a proper response. Every time you were asked, you pushed it off on to the boards.

**Mr. Klees:** Minister, your arrogance is profound.

*Interjection.*

**The Chair:** You're done? Mr. Marchese.

**Mr. Marchese:** Minister, thank you with respect to the information around the \$240 million and your interest in helping me get the breakdown of how those \$240 million were spent. Because you spent \$240 million more on special ed since 2004-05 and 2005-06, if I could have the yearly breakdown, that would be helpful. Is that OK, a yearly breakdown as well?

**Hon. Mr. Kennedy:** Yearly breakdown—this year?

**Mr. Marchese:** You said you spent \$240 million more on special ed since you took office.

**Hon. Mr. Kennedy:** Yes.

**Mr. Marchese:** Could we have a breakdown for the first year and then the second year in terms of how much you spent one year and the next?

**Hon. Mr. Kennedy:** Yes. We can also show you how much was actually spent by the boards, because that's what's needed for a full picture.

**Mr. Marchese:** Good. Thank you.

Now I'd like to look at the amounts of money you have subtracted from the system. In August 2004, you took \$83 million. Last time I asked about these \$83 million in estimates, you said you took them because these funds had been the result of an accounting error by the previous government, and I'll talk to you about that in a few minutes, but first, I want to assert that you did in fact take the money. Will you now finally acknowledge that you took back \$83 million from special education reserves?

**Hon. Mr. Kennedy:** What we did was leave the money with the boards, but required them to spend it. So we debited it against the board's entitlement because we believed that was a legitimate use of those funds, but it wasn't actually taken back or removed from the board. The board was required to spend it on special education needs in their own board that year. They simply accrued a surplus because of the way they were paid by the previous government, late in the year when they couldn't spend the dollars where they were supposed to go.

**Mr. Marchese:** I would say that you clawed back \$83 million from special education reserves, and in my mind these are \$83 million less than the boards would have had to spend on special ed. So if you put in \$240 million—

**Hon. Mr. Kennedy:** Again—

**Mr. Marchese:** Here's the question: If you put in \$240 million and you took back \$83 million, you have actually put in a total of \$157 million, is that correct?

**Hon. Mr. Kennedy:** No, because, Mr. Marchese, and I'll say this just because—I'd be very happy to provide you with an accounting of this because it is hard to discuss numbers, but only for this reason: When you talk about \$83 million being debited to the boards, which is what happened, that was one-time. Every single year we're providing \$240 million. In that one year where the \$83 million was debited, and because you've asked quite correctly to see year by year how we build up to the extra \$240 million, every single year there was a one-time debit and so it is not appropriate to take a one-time debit and say that lessens. The amount of money we're paying this year is, frankly, more than \$240 million more than what we were paying the year before we came in. So that doesn't change that fact in the least, and the answer is no to your question.

**Mr. Marchese:** OK. So you are stating clearly that you spend \$240 million or more every year, and you're stating clearly that the \$240 million is additional to, and the \$83 million you took back from the boards is in addition to the \$240 million. Is that correct?

1730

**Hon. Mr. Kennedy:** We neither took it back, nor does it count against what you're describing, which is the money we spent this year. The dollars that were debited to the boards were last year. It changed some of their cash flow; they still spent as much money. But some of it

they took from this large account. There used to be \$9 million in the whole of Ontario, then it became \$100 million. Eighty three million dollars of that got debited, and it all got spent in subsequent years, and now it has shown up as extra spending.

**Mr. Marchese:** Are any of the new funds, which you calculate to be \$240 million—which we say is only \$157 million—actually effectiveness and equity fund money?

**Hon. Mr. Kennedy:** Not any more, no. Those funds were disbursed in terms of a total amount. Sorry, this year there's a portion of the \$40 million—I'm not sure what was remaining; \$12 million, efficiency and effectiveness fund left over at the end of last year?

*Interjection.*

**Hon. Mr. Kennedy:** I'm just checking that for you.

**Mr. Marchese:** Because a "no" or a "yes" have different questions.

**Hon. Mr. Kennedy:** Eighteen million dollars out of that total net increase today—just \$18 million—is provided by the one-time fund that we talked about. But I will say that next year, it won't be. In other words, it's a one-time impact spread over these two fiscal years, and then next year our commitment will be an ongoing one.

**Mr. Marchese:** OK. So the answer I'm getting, for clarity, is that this funding, \$18 million, actually does come from the money you took from the boards; they're not new funds.

**Hon. Mr. Kennedy:** Actually, in effect, the \$18 million is on top of that. It's \$18 million on top, sorry.

**Mr. Marchese:** That comes from that effectiveness fund?

**Hon. Mr. Kennedy:** Yes. So we're up \$240 million in annual funding. The one-time funding is on top of that. Again, I'm very happy, in terms of dealing with these numbers, to give you the numbers on paper. I wouldn't even estimate the large number of people listening who need the clarification. We'd be happy to send that out to people who would like to see how this was done, and they would see, indeed, the dollars grow.

**Mr. Marchese:** I would be very pleased, because part of what we're trying to get at is that you clawed back some funds, and they were announced as new money.

**Hon. Mr. Kennedy:** Not at all. I think you'll find, when you see the piece of paper—in other words, the representation of that—that that's not the case. We've increased the funding. We did it in an intelligent fashion. We went to boards that had dollars that they intended to keep in their bank accounts and we said, "No, not when there are these needs. These students should get the help instead," and we required them to spend those funds.

**Mr. Marchese:** OK. Do you still claim that you took \$83 million back because they were an accounting error by the previous government?

**Hon. Mr. Kennedy:** Yes. I think that's a fair way to characterize it.

**Mr. Marchese:** I'm reading the criteria you set up to give the effectiveness and equity fund money back for 2004-05. It is detailed in a memo dated June 29, 2005, by Peter Gooch, director of education, finance branch of the

Ministry of Education. You're all familiar with it, I'm sure. Criterion 1 reads, "Amounts placed in special education reserves in 2002, 2003 and prior years from revenue other than special education." You set up this criterion to give the money back to boards. It seems to me that if boards had legitimately placed funds in special education envelopes from other funds, you took it, and now you're giving it back. It was you that made the mistake when you took those funds. That's not correct?

**Hon. Mr. Kennedy:** Again, the funds were never removed. The funds were left with the board, and what we did was, we debited the boards, in this case, because they brought to our attention that there were different kinds of sources for that. Again, the amount was \$9.8 million, and then they were credited for those funds. The funds never left the board, and once we checked their claim that this indeed was the source of the funds—because it didn't fit the policy of, as you say, the error in terms of the cash flow—then they were given to the boards to use.

**Mr. Marchese:** OK. So let me read criterion 2; I'm assuming your logic will be the same: "Expenditures from 2002-03: special education reserves that were made during the 2003-04 school year and approved by the board prior to July 1, 2004." In this case, the money clawed back was actually money approved and spent on special education before 2004. Boards had to apply twice for the money they spent on special education: You took money already spent. It was you who made the mistake and clawed back special education funds.

**Hon. Mr. Kennedy:** Again—

**Mr. Marchese:** You say that's not true?

**Hon. Mr. Kennedy:** It's not true. Effectively, all these were accounting arrangements that confirmed to boards what they were told when the fund was put in place, which was, "We made this assumption, we will check against these criteria, and if those are dollars that you've spent by board resolution beforehand, that's certainly not going to be eligible for what we're talking about." Just to be clear, a number of the board were able to spend their funds, because they spent them in advance. It's those that didn't that had the dollars sitting in surplus bank accounts.

**Mr. Marchese:** Criterion 3 reads: "Net new high-needs students." For that criterion, you gave back \$46 million in 2004-05. Those funds have been legitimately spent by boards of education in meeting special education needs, but they had to apply for it back. If the money was spent on meeting special education needs, were these accounting errors?

**Hon. Mr. Kennedy:** No, they're not accounting errors. What we're talking about is essentially that that's the amount of money that then didn't have any other claims. We really, really stretched things to make sure we were being scrupulously fair to boards, and therefore, if they had made a commitment, even though we had given them some notice in March that they wouldn't necessarily have these funds to use from their surplus, even at that, we still let them claim those funds. Further, if they

had put previous dollars in, even though there had been no provision before for surpluses, we let them keep them. So it was being extra careful to be fair to boards. But the \$46 million is the result of what we think is a fairly intelligent use. Money that would potentially still be sitting in the bank was used instead to increase the amount of funds to students who needed it.

**Mr. Marchese:** Thank you. So in August 2004, you took \$83 million because boards were not using that money and it was languishing in reserves. You said that “the money was just hanging out in bank accounts.” You gave back a total of \$65 million under all three criteria. Thanks to your clawback, boards had to reapply to get the money back. All that the criteria prove is that you took money that the boards of education spent on special ed. It seems to me that boards were right when they said they needed the funds for special ed, and your numbers were wrong when you said the money was languishing in reserves. Would you agree or disagree?

**Hon. Mr. Kennedy:** No, I would disagree, because essentially the boards that spent \$9.6 million may have paid for that out of another account, but we felt it was scrupulously fair to give it to them. The other boards only spent the money because they knew we would cover their costs from this fund and that this fund existed. They applied for it, they were eligible for the expenses and they had them reimbursed, exactly as the fund was designed to do. What it did was take \$46 million that wouldn't have been spent on behalf of special-needs students and make sure they got services.

**Mr. Marchese:** I have another special ed question before I move on to other questions. Concerned parents have brought to our attention that high-needs students are being segregated from regular classrooms, without an analysis of undue hardship done by the boards of your ministry. An analysis of undue hardship as mandated by the Ontario Human Rights Code would entail a financial analysis by the institution doing the accommodation. Students should not be segregated from the classroom unless the ministry or the boards prove that it would cause undue hardship to keep them in the classroom. On behalf of these parents of students, I want to ask you: Are you moving on this, or when will you move on this?

**Hon. Mr. Kennedy:** Again, you have some differences in terms of a broad provision from the Human Rights Commission and practices and procedures in schools. Generally speaking, parents and the school will agree what is the right placement for students. We want that there will always be a chance to be included, wherever that's practical in the interest of students.

There is, unfortunately, sometimes a disagreement in terms of what's working best or what will happen. We have a large number of students in inclusive environments. I think we're getting better and better at how to make those environments work, but there are also some—some by choice and others simply because that's what boards have found they can provide for that student—which are not. So there is a board-based policy and there's a provincial requirement to try and provide

the best education. Up to now, essentially the decision on the best education, wherever possible, has been a shared one between the board and the parents, and sometimes it's in conflict. The obligation on the administrators is to make sure the best education is provided to the student concerned.

**Mr. Marchese:** It has been clear for a number of years, and in numerous reports, that the central flaw in the funding formula for elementary and secondary education is the underfunding of the benchmark costs for employee salaries and benefits. Many boards indicate that the gap between the teacher's salary and the funding which is provided is the same as that during the Mike Harris years. Is the government going to finally bring the funding formula up to date?

**Hon. Mr. Kennedy:** I appreciate the way you ended your question, because I can affirm to you that we'll bring the funding formula up to date, but the premise of your question is inaccurate.

1740

What we did, because boards were in negotiations, was not put extra money into the salary line—the previous government did that and ended up with fairly high settlements in a lot of the province. When the dollars went into that particular line, board salaries were being paid and it was other budget lines that went missing. Instead, we put more than Dr. Rozanski said should be in the rural line, for example, and we put more than Dr. Rozanski said in the urban or learning opportunities grant, because we knew that those were the kinds of places from which boards were making up the difference. When you look at the broad investment the government has made, we have put in, net of inflation, effectively all the investment that Dr. Rozanski asked for. It went in in slightly different places, but it was under the control of boards to use to make up that gap.

So there will be differences. We are sitting down now with boards to reconcile the differences and see how well that worked. But we think, again, that it was a very useful way of achieving the purpose of getting investment into the system. What you're talking about in terms of the gap is actually made up, in most cases, by these other over-filled grant lines.

**Mr. Marchese:** A student's success in school includes the assistance of many different services, from the front-line teachers and teaching assistants to other professional support staff and the staff who support the school itself. The numbers of support personnel are being reduced beyond what declining enrolment would dictate. Are you concerned? Are you going to do anything about it? Are you doing something about it?

**Hon. Mr. Kennedy:** In fact, our estimate for increased staffing is about 11,000 new staff since we came into office. The vast majority of those are support workers. I would again say that it's not factually correct to say that there has been a decline at all; in fact, there has been a large increase. One example would be in terms of education assistants. About 4,000 more education assistants have been hired in the last two and three

years, and that is essentially providing the higher level of service we've been funding, the \$2-billion investment; I have to give you the facts in response to the premise.

**Mr. Marchese:** So when I hear you often talk about 1,100 more teachers, is it my mistake when I hear "teachers," or did you mean staff?

**Hon. Mr. Kennedy:** I said 11,000, and 11,000 is the total number of staff.

**Mr. Marchese:** Eleven thousand new staff—is that what you said?

**Hon. Mr. Kennedy:** Right.

**Mr. Marchese:** Eleven thousand new staff since you came into office, and the majority of them are support workers. Am I correct?

**Hon. Mr. Kennedy:** Yes. The majority of the new staff in place in schools are support workers. They're paraprofessionals, school secretarial, custodial and maintenance and so on. Teacher assistants is a very high-growth category.

**Mr. Marchese:** Since you came into office, how many more support staff are there than there were under the previous regime? Do we know that?

**Hon. Mr. Kennedy:** We'll have to get you that, because it would require totalling the various categories we have. Unfortunately, I can't give that to you right off the top, based on the information I have in front of me, but I'll ask someone to put those categories together, because that would be helpful to know.

**Mr. Marchese:** That would be very helpful, actually.

**Hon. Mr. Kennedy:** Sure.

**Mr. Marchese:** One of the promises you made when you were in opposition was to create a standing committee on education finance. I must admit I was excited by that promise, and I think a lot of people were excited by that promise, because it would give them a sense of oversight, of overview. It would give them a sense of how those things would be debated and questioned every year. It would give them a sense of possible transparency and clarity, that they would be able to challenge the government on a regular basis because facts would be pouring out through such a committee. What do you make of the inability of your government to keep that promise? Or maybe you are.

**Hon. Mr. Kennedy:** I appreciate the hopefulness in the last part of your question, because we do intend to provide an opportunity for the Legislature to look at what's happening in education. I think you're aware, as someone who closely monitors the situation, that we have brought about a lot of beneficial reforms. We've focused those first on students, rather than on the Legislature. We've spent a lot of time bringing in new programs for healthy schools, for student achievement and so on. It's frankly something we're still working on and something we still intend to bring to fruition.

**Mr. Marchese:** Exactly. That's the point I make. People would be excited to review your reforms, your new programs, your healthy schools. They want that, and they want to be able to—

**Hon. Mr. Kennedy:** If it would allow us to spend more time together, Rosario, I've got to say that this is something we should probably move up the agenda a bit.

**Mr. Marchese:** You see, we can do it. We couldn't do it with a lot of Tories when they were in government.

**Hon. Mr. Kennedy:** This is a good one to bring up in estimates.

**Mr. Marchese:** It's possible. You never know. I don't want to give up on you, obviously. What you're saying is that you are reviewing the possibility of having a standing committee on education finance and that it's being talked about.

**Hon. Mr. Kennedy:** I wouldn't restrict it to education finance. I think that when we put in our platform—

**Mr. Marchese:** Sorry; what was your promise, so I'm clear? I don't want to misquote.

**Hon. Mr. Kennedy:** You should just read it. It's in the platform.

**Mr. Marchese:** Tell us.

**Hon. Mr. Kennedy:** A standing committee on education is what we talked about.

**Mr. Marchese:** That's what I said, isn't it?

**Hon. Mr. Kennedy:** I think I heard the words "education finance."

**Mr. Marchese:** Standing committee on education.

**Hon. Mr. Kennedy:** I'll rely on Hansard for that.

**Mr. Marchese:** OK.

**Hon. Mr. Kennedy:** I think the main thing is that there are lots of things that could beneficially be discussed, given the opportunity to understand here at the Legislature what happens around the province as well, in terms of the two million kids in the 4,800 schools we have.

**Mr. Marchese:** Yes. When in the future might this possibly be happening? I want to be optimistic, obviously.

**Hon. Mr. Kennedy:** I want to tell you to sustain that optimism; I think you'll do it in any event, because I detect that note in a lot of what you're bringing forward. I think it's well warranted—

**Mr. Marchese:** You know I'm going to bring it up next year, right?

**Hon. Mr. Kennedy:** All I can say is that that optimism is well warranted and we'll continue to work on it.

**Mr. Marchese:** If I ask you next year and nothing happens, it'll be a disappointment, right?

**Hon. Mr. Kennedy:** Therein lies yet another motivation to try to get this coming forward more quickly. It's one of a number of improvements. I think we've now got a pretty good track record of making these things actually happen, and this is one that I hope will come to fruition as quickly as possible.

**Mr. Marchese:** By the way, Mr. Kennedy, I'm asking the government members on this committee to help me, because I can't do this alone; you know that. I need their help.

*Interjection.*

**Mr. Marchese:** OK. I'll remind you from time to time.

I have a final question. For reasons of efficiency of service, coordination of programs and liability and safety of students, does the government agree that all employee groups providing services to students in the school environment must be employees of the school board?

**Hon. Mr. Kennedy:** Many of the detailed management issues of education are not determined provincially, and that's one of them. There's the ability of boards—for example, I don't believe that most private bus operators employ staff that are employees of the union.

We see schools as school communities. We would encourage the coexistence of staff who are attached to that school. We see that as a good model. In fact, we've asked to sit down with some of our representative organizations to see how that whole idea of a learning community that makes schools both safer and more efficient could maybe be brought into a provincial policy. But the answer to your question is that there isn't a provincial policy like that yet.

**The Chair:** Thank you very much, Minister, and thank you very much, Mr. Marchese.

By agreement, we have reached the conclusion of our estimates, and I would now like to call the votes.

Shall vote 1001 carry? All those in favour? Opposed, if any? That is deemed carried.

Shall vote 1002 carry? All those in favour? All those opposed, if any? That is carried.

Shall vote 1003 carry? All those in favour? Opposed, if any? That is carried.

Shall the estimates of the Ministry of Education carry? All those in favour? Opposed, if any? It is carried.

Shall I report the estimates of the Ministry of Education to the House? All those in favour? Opposed, if any? That is carried.

Thank you very much, Minister, to you and your staff for your responses. We do have some outstanding ones, and I know you'll get those to our clerk as soon as possible. We appreciate that.

**Hon. Mr. Kennedy:** Thank you, Chair.

**The Chair:** This meeting stands adjourned until tomorrow immediately following routine proceedings, at which time we will begin the estimates of the Ministry of Energy.

*The committee adjourned at 1748.*



## CONTENTS

Tuesday 15 November 2005

<b>Ministry of Education</b> .....	E-111
Hon. Gerard Kennedy, minister	

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